COMPLETED
251
Y4.B 85/3:C76/6/986

[COMMITTEE PRINT]

ORIGINAL

THE CONGRESSIONAL BUDGET PROCESS: A GENERAL EXPLANATION

(Including Changes Made by the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177))

COMMITTEE ON THE BUDGET
U.S. HOUSE OF REPRESENTATIVES

JULY 1986

Serial No. CP-9

Printed for the useof the Committee on the Budget

U.S. GOVERNMENT PRINTING OFFICE
60-607 O WASHINGTON : 1986

For sale by the Superintendent of Documents, U.S. Government Printing Office
Washington, DC 20402

BEST COPY AVAILABLE

ORIGINAL

COMMITTEE ON THE BUDGET

WILLIAM H. GRAY III, Pennsylvania, *Chairman*

JIM WRIGHT, Texas
W.G. (BILL) HEFNER, North Carolina
THOMAS J. DOWNEY, New York
MIKE LOWRY, Washington
BUTLER DERRICK, South Carolina
GEORGE MILLER, California
PAT WILLIAMS, Montana
HOWARD WOLPE, Michigan
MARTIN FROST, Texas
VIC FAZIO, California
MARTY RUSSO, Illinois
ED JENKINS, Georgia
MICHAEL D. BARNES, Maryland
MARVIN LEATH, Texas
CHARLES E. SCHUMER, New York
BARBARA BOXER, California
BUDDY MacKAY, Florida
CHESTER G. ATKINS, Massachusetts

DELBERT L. LATTA, Ohio
JACK F. KEMP, New York
LYNN MARTIN, Illinois
BOBBI FIEDLER, California
WILLIS D. GRADISON, Jr., Ohio
TOM LOEFFLER, Texas
CONNIE MACK, Florida
WILLIAM F. GOODLING, Pennsylvania
W. HENSON MOORE, Louisiana
DENNY SMITH, Oregon
VIN WEBER, Minnesota
HANK BROWN, Colorado
BEAU BOULTER, Texas

STEVEN L. PRUITT, *Executive Director*
MARTHA H. PHILLIPS, *Minority Staff Director*

BEST COPY AVAILABLE

CONTENTS

	Page
Why a Budget Process?	1
Need for Budget Reform	4
Background of Budget Reform (Prior to 1974)	5
Background of Budget Process Reform (1985)	6
House and Senate Budget Committees	7
Congressional Budget Office	9
Congressional Budget Process	10
Timetable	11
Reconciliation process	15
Special procedures for backdoor spending legislation	16
Public debt limit	17
Enrollment of spending bills and miscellaneous matters	18
Budget information, program evaluation, and effective dates	18
New fiscal year	18
President's budget	18
Program review and evaluation	19
Studies	19
Standard budget terminology	20
Social Security trust funds	20
Off-budget entities	20
Impoundment Control	21
Economics and the budget process	22

ATTACHMENTS

"A"—Congressional Budget Process Timetable	25
"B"—Congressional Budget and Impoundment Control Act of 1974, As Amended	27
"C"—A Summary: The Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177)	85
"D"—Functional Classification Codes and Program Categories	109
"E"—First Concurrent Resolution on the Budget for Fiscal Year 1986 (Conference Report)	121
"F"—Terms Used in the Federal Budget Process	163
"G"—House Rules Relating to the Budget Act	179
"H"—House Precedents Interpreting the Congressional Budget Act	183
"I"—Changes in the Budget Act made by Public Law 99-177	213

BEST COPY AVAILABLE

THE CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT OF 1974: A GENERAL EXPLANATION

WHY A BUDGET PROCESS?

Of all of the legislative matters before the Members of the House and the Senate, none is more political or more crucial than the choices embodied in the Federal budget. The budget touches virtually every significant political issue which must be considered by the Congress in any given year: What are the Nation's real needs and priorities for Federal spending, and which programs are effective in meeting them? Which programs are ineffective and should be eliminated? Does the economy need a tax cut or tax increase and, if so, how should it be designed and what size should it be? Should indexing of Federal programs be modified or eliminated? How can fraud, waste, and abuse in both military and domestic spending be identified and controlled? Do we need an overall spending limit that is vigorously enforced? Would a constitutional amendment to require balanced budgets work? Economists may offer advice on the anticipated consequences of these and other choices, but the decisions are made by elected representatives. The budget process is Congress' mechanism to organize, present, and resolve choices such as these.

In July 1974, when the Congressional Budget and Impoundment Control Act (Public Law 93-344) was adopted, the Congress declared that it was essential:

(1) to assure effective congressional control over the budgetary process;

(2) to provide for the congressional determination each year of the appropriate level of Federal revenues and expenditures;

(3) to provide a system of impoundment control;

(4) to establish national budget priorities; and

(5) to provide for the furnishing of information by the executive branch in a manner that would assist the Congress in discharging its duties.

To implement the Act, the Congress established new institutional bodies and procedures. It created the Budget Committees, the Congressional Budget Office, as well as a budget timetable, and parliamentary controls.

Since its institution over a decade ago, the budget process has been scrutinized by a number of organizations, none more probing than the Congress itself. During that time, hearings, meetings, panels, and papers have questioned various aspects of the process, but the fundamental purpose has remained unchanged. The process provides order, guidance, and information to the Congress on major economic and fiscal policy issues to enable Members of Congress to make informed choices.

BEST COPY AVAILABLE

In its ideal form, the budget process aids Congress in devising a blueprint for Federal fiscal operations in any fiscal year. It enables the Congress to assess the relative merits of spending and revenue measures in conjunction with the overall needs of the economy.

Underlying the implementation of the budget process is the belief that responsible Federal fiscal policy must be consistent with political and economic realities. This requires a systematic and periodic assessment of the objectives of the public sector, the balance between anticipated revenues and future expenditures, and the relative tax burdens on individuals and businesses. The budget process also gives the Congress a capability to propose a congressional alternative to the President's budget based on an examination of the whole budget rather than unrelated and often isolated parts.

Self-discipline and responsibility for the economic consequences of fiscal decisions are key ingredients to understanding the intended impact of the budget process. Budget resolutions are meaningful only to the extent that the majority of Members of Congress accept and act in accordance with their provisions. Budget resolutions are not laws; they do not directly appropriate money or raise revenues, but they should impose discipline.

In order to understand the congressional budget system, it is important to distinguish between the budget process as a means to develop fiscal policy, and the specific policy objectives and priorities that comprise any given budget resolution. Viewpoints vary as to the specific objectives of the budget resolution. Some believe a budget should primarily be an instrument to stimulate economic activity or promote national objectives. Others view a budget resolution as the vehicle through which the Congress establishes and enforces its control over the Nation's fiscal policy. Still, others believe that budget resolutions and enforcement mechanisms of the Budget Act should simply be used to reduce spending.

Since the late 1970's, the various congressional priorities in the budget process became increasingly difficult to reconcile. During the 1980's, deficit reduction developed as the overwhelming priority in the budget process to the exclusion of many other important issues such as employment programs, infrastructure improvements, and education initiatives. However, at the same time that deficit reduction became the primary goal of the congressional budget process, the deficit nearly quadrupled. The frustration with this incongruous situation led to sweeping amendments to the budget process in December 1985. In order for Congress to adopt a $2 trillion public debt ceiling for the United States, it attached a mandated deficit reduction scheme to its budget process.

Unlike the 1974 Act, which was the result of over two years of joint study by the House and Senate and their committees, these sweeping changes were developed over a matter of weeks by a few Members outside of the regular committee deliberative process.

The enactment of the Balanced Budget and Emergency Deficit Control Act of 1985 (Gramm-Rudman-Hollings) impacts on the congressional budget process in a number of ways. From a procedural standpoint, Gramm-Rudman amended the Budget Act to codify changes put into practice on an ad hoc basis since 1974 and to enhance coverage and enforcement of congressional fiscal decisions.

BEST COPY AVAILABLE

The procedural changes include a single annual budget resolution, with budget levels binding upon adoption of the resolution in the spring; enforcement of budget limits down to committee allocation levels; inclusion of all Federal spending activities, with the exception of Social Security trust funds, on-budget; and expanded controllability of backdoor spending.

On a substantive fiscal policy level, Gramm-Rudman utilizes the enhanced budget process as a vehicle to achieve deficit targets, including a balanced Federal budget at the end of five fiscal years. Separate and apart from the sequestration mechanism widely touted as the primary thrust of Gramm-Rudman, that Act overlays a deficit reduction focus on the congressional budget process. Congress' initial framework for achieving the deficit limits of the Balanced Budget and Emergency Deficit Control Act of 1985 remains its budget process. The executive branch is also affected by Gramm-Rudman in that the President's budget must comply with the mandated deficit levels, but it is fair to point out the bulk of Gramm-Rudman's provisions affect the congressional process.

Regardless of the views motivating an individual Member, the budget process gives him or her an opportunity to offer ideas as to the overall direction the Congress should take on fiscal matters. In that sense, by anyone's assessment, the budget process has been highly beneficial and successful.

Specifically, the following accomplishments may be noted to illustrate how the budget process has strengthened the congressional role in the formulation of fiscal policy:

First, and perhaps foremost, the character of debate over spending priorities and revenue measures has vastly improved. The impact on the economy of a proposed increase or decrease in taxes no longer escapes scrutiny. A proposed expansion of funding levels for national defense can now be evaluated in terms of its relation to other spending priorities. Proposals to expand public works employment programs are now more carefully analyzed in terms of their impact on the Nation's overall unemployment levels and their effect on inflation. The economic consequences of deficit spending have become a principal consideration in the formulation of fiscal policy. In brief, Congress has the capability now to debate and choose its specific objectives in conjunction with its overall priorities and with macroeconomic conditions.

Second, Members receive more and better information. Congress no longer relies exclusively on the executive branch for precise and accurate data. Estimates of future spending decisions have become more accurate. The overall cost of a particular bill or measure is more accurately assessed. At any given moment, Congress now knows where it stands on total spending, and is able to assess and evaluate each spending decision with regard to overall spending targets. The specific impact of fluctuations in the economy, such as the rise in the unemployment rate, or budgetary expenditures is now more widely understood and appreciated.

Third, the erosion of the normal appropriations process through the device of "backdoor spending" has been sharply curtailed. Unilateral executive impoundments of appropriated funds have all but been eliminated through the procedures of rescission and deferral.

BEST COPY AVAILABLE

Finally, the Congress has made significant progress in restoring, and increasing public understanding of, its fiscal policy decisions. It is now possible for the public to assess Congress' actions in terms of how spending and revenue priorities are developed. In a democratic society, such understanding is critical.

Even in its relatively short history, it has been demonstrated that the congressional budget process plays a significant role in the way Congress legislates and makes its program and financial decisions. Accordingly, the purpose of this section is to provide a general explanation of the major provisions and requirements of the Budget Act. The following specifics are addressed:

—House and Senate Budget Committees
—Congressional Budget Office
—Congressional Budget Process
—Reconciliation Process
—Public Debt Limit
—Enrollment of Spending Bills and Miscellaneous Matters
—Special Procedures for Backdoor Spending Legislation
—Budget Information, Program Evaluation, and Effective Dates
—Impoundment Control

In order to understand better how the congressional budget process works and what it means, a brief discussion of the need and background that led to budget reform in 1974 and the background of process changes enacted in 1985 precedes the explanation of the individual issues.

The Need for Budget Reform

Although the great budget and impoundment battles of the early 1970's were the immediate stimuli to congressional budget reform, the need for that reform had been widely recognized for many years. Despite the constitutional restriction that "No money shall be drawn from the Treasury but in consequence of appropriations made by law," the Congress had, in the eyes of many, lost the power of the purse to the Executive Branch.

The causes were deep and long standing mirroring in many ways the growth and complexity of American society itself.

First, the size of the Federal budget and its impact on the Nation's economy.

In little more than half a century, the budget had grown from $3 billion to over $400 billion; and since the turn of the century, the national debt had risen from $1 billion to more than $700 billion.

The budget had become the Nation's principal tool for determining governmental goals and economic policy, affecting nearly every facet of American society. Yet the Congress lacked a comprehensive mechanism for establishing priorities among its goals and for determining economic policy through the budget process.

Second, past budget reform efforts enhanced and centralized budget authority in the executive branch while permitting increased fragmentation of spending authority within the Congress.

The Antideficiency Act (first enacted in 1905 and amended in 1906 and 1950) was interpreted by the executive to permit it to reserve (impound) funds not needed to accomplish legislative objectives. The Budget and Accounting Act of 1921 vested in the Presi-

BEST COPY AVAILABLE

dent sole responsibility to prepare and submit an executive budget to the Congress, and established a Bureau of the Budget to administer the new budget system. These congressional enactments permitted the Executive to achieve a great concentration of financial and policymaking authority first in the Budget Bureau and more recently in the Office of Management and Budget.

Despite periodic efforts to centralize budget responsibility in Appropriations Committees and to enact an overall legislative budget, budget responsibility remained dispersed throughout the Congress. Both taxing and spending actions were carried on over many months in many different legislative measures. Budget actions never explicitly decided the size of the budget, whether it should be in surplus or deficit, and precisely by what amount. The budget process was, in fact, merely the sum of dozens of isolated and usually unrelated actions, sometimes having the effect of stimulating the economy when restraint was needed, and vice-versa.

Third, the nature and timing of congressional budget actions. About 75 percent of the budget was regarded as "relatively uncontrollable under existing law," and uncontrollables had become the fastest rising part of the total budget. Backdoor spending—that is, spending outside the regular appropriation process—represented more than half of all spending.

Appropriation bills were seldom completed by the beginning of the fiscal year for which funds were to be provided, causing many Federal agencies to operate on continuing resolutions for part, and in some cases, all of the year.

And fourth, the increasing use of impoundments by the Executive, which directly challenged Congress' constitutional power to establish spending priorities.

Acting pursuant to the limited authority granted in the Antideficiency Act, the Executive claimed power not merely to defer or delay spending for various programs, but to determine which programs should be continued and which eliminated altogether. Impoundment actions were vigorously challenged in the courts and within the Congress itself. Although most impoundments were reversed, the lack of a comprehensive and coherent budget process clearly placed the Congress in a weakened position to contest the Executive's action.

The Background of Budget Reform (Prior to 1974)

Reform of its budget process has been a continuing concern of the Congress since World War II:

In the Legislative Reorganization Act of 1946, the Congress provided for the adoption of a legislative budget recommended by a joint committee composed of all House and Senate Appropriations, Ways and Means, and Finance Committee members. Yet, in 1947, the Congress was unable to agree on a budget ceiling; in 1948, it adopted a ceiling, but ignored it in later spending decisions; and in 1949, it abandoned the legislative budget altogether.

In 1950, the Congress enacted an Omnibus Appropriations Bill covering all of the regular bills usually acted upon separately. Again, it abandoned the process the following year.

BEST COPY AVAILABLE

In 1952 and many times again in subsequent years, the Senate passed a bill creating a Joint Committee on the Budget. The House, however, did not take similar action.

In 1972, however, the Congress embarked firmly on the path to meaningful reform. During consideration of legislation to raise the ceiling on the public debt, the President requested authority to hold fiscal year 1973 spending to $250 billion. Although both Houses adopted the requested limit on spending, they were unable to agree on what discretion the President should be given to enforce the ceiling. Consequently, the ceiling was eliminated by the House-Senate conferees.

The 1972 debt limit legislation (Public Law 92-599), however, established a Joint Study Committee on Budget Control and directed it to study ". . . the procedures which should be adopted by the Congress for the purpose of improving congressional control of budget outlay and receipt totals, including procedures for establishing and maintaining an overall view of each year's budgetary outlays which is fully coordinated with an overall view of anticipated revenues for that year."

The Joint Committee issued its final report in April 1973 and legislation was introduced in both Houses to implement its recommendations. After significant modification by both House and Senate committees, including the addition of anti-impoundment procedures originally considered in separate legislation, both Houses overwhelmingly approved the budget reform legislation. Although the House and Senate versions differed significantly in detail, the main thrusts of the Joint Committee recommendations were not at issue. Final action in both Houses was completed in June 1974, and the bill was signed into law July 12, 1974, as Public Law 93-344.

The Act contains 10 titles which, for purposes of explanation, can be grouped into four major categories, as follows:

Titles I and II establish Committees on the Budget in both the House and the Senate and a Congressional Budget Office to improve the Congress' informational and analytical resources with respect to the budgetary process;

Titles III and IV establish a timetable and procedures for various phases of the congressional budget process;

Titles V through IX amend the Budget and Accounting Act of 1921 and the Legislative Reorganization Act of 1946 and 1970 to provide for a new fiscal year, improvements in budget terminology and information to be included in the President's budget submissions, improved program review and evaluation procedures, and effective dates for the various provisions of the Act; and

Title X establishes procedures for congressional review of Presidential impoundment actions.

Titles I through IX are known as the Congressional Budget Act and Title X is known as the Impoundment Control Act.

The Background of Budget Process Reform (1985)

The Balanced Budget and Emergency Deficit Control Act of 1985 (Gramm-Rudman-Hollings) made significant changes in the congressional budget process. Conceived as a statutory response to the

BEST COPY AVAILABLE

burgeoning Federal deficit problem, the measure was first introduced in the Senate by Senator Phil Gramm, along with 24 cosponsors as S. 1702 on September 25, 1985.

That bill served as the basis for an amendment to H.J. Res. 372, Statutory Debt Limit Increase, a bill passed in the House without a separate vote when the House adopted the conference report on the First Concurrent Resolution on the Budget for Fiscal Year 1986.[1] The amendment to the debt limit bill was first offered by Senator Dole on October 3, 1985 and, after several modifications, was incorporated into the debt limit extension as it passed the Senate on October 10, 1985.

House and Senate conferees were initially unable to resolve their differences on the debt limit legislation and, consequently, a conference report was filed in disagreement in the House on November 1, 1985.

After amendments in both Houses, the Senate, on November 7, 1985, agreed to the House request for a further conference. On December 10, 1985, the conference report was filed in the House and on December 11, 1985, both bodies passed Gramm-Rudman-Hollings as part of H.J. Res. 372. President Reagan signed the measure into law on December 12, 1985 as Public Law 99–177.

S. 1702 and the initial Senate amendment contained several changes in the congressional budget process, including the institution of a single binding budget resolution, binding subcommittee allocations, required reconciliation, and enforcement of deficit targets in congressional budgetmaking through points of order.

The final product kept many of these changes and further incorporated budget process modifications included in "Congressional Budget Act Amendments of 1984" (H.R. 5247, 98th Congress, 2d Session (1984)).[2] That bill was the product of two years' review and deliberation by the House Rules Committee Task Force on the Budget Process. The Task Force was first appointed in March 1982 to identify problems in the budget process and develop practicable solutions.

The House and Senate Budget Committees

The Act establishes a standing Committee on the Budget in each House. The House Committee is composed of 33 members:[3] five from the Ways and Means Committee; five from the Appropriations Committee; twenty-one from other standing committees of the House; and one member each from the majority and minority leadership.

The composition of the House Budget Committee recognizes the special need to coordinate revenue and expenditure actions by participation of Ways and Means and Appropriations Committee members. However, the entire House membership is drawn into the budget process to assure that all interests and views are represent-

---

[1] See further discussion in "The Public Debt Limit", infra.

[2] For a legislative history of H.R. 5247, see. H. Rept. 1152, Part 1, 98th Congress, 2d Session (1984).

[3] Originally 23 under the Act, but increased to 30 beginning with the 97th Congress by amendment to the Standing Rules of the House. Beginning with the 99th Congress reference to the size of the Committee in the Standing Rules of the House was deleted.

BEST COPY AVAILABLE

ed by the making of fiscal decisions. All Budget Committee members are selected by party caucuses, including the Chairman, who is not required to come from the Ways and Means or Appropriations Committee. No member may serve more than 6 years in five successive Congresses,[4] except that an incumbent Chairman having served during three Congresses on the committee and not more than one Congress as Chairman and who is reelected for one additional Congress as Chairman shall not be subject to this limitation. Finally, selection of members and Chairman is made without regard to seniority.

The Senate Budget Committee consists of 22 members,[5] selected from the Senate at large in the same manner as other standing committees of the Senate.

The House and Senate Committees are given the following duties by the Act:

(1) To report to their respective Houses the matters required by Titles III and IV of the Act including "concurrent resolutions on the budget" (a term defined in the Act and discussed in greater detail following);

(2) To make continuing studies of the effect on budget outlays of relevant existing and proposed legislation;

(3) To request and evaluate continuing studies of tax expenditures and methods of coordinating tax expenditures with direct budget outlays; and

(4) To review the operations of the Congressional Budget Office.

The House committee's jurisdiction extends to all "concurrent resolutions on the budget," and to all other matters required to be referred to it under Title III of the Act.

Section 306 of the Act gives the Budget Committees exclusive jurisdiction over any bill, resolution, or amendment which deals with any matter covered by a "concurrent resolution on the budget." For example, it would not be in order to consider a concurrent resolution on the budget reported by the Appropriations Committee.

One other provision of Title III specifies an additional matter under the jurisdiction of the Budget Committees. Section 310 provides for the reporting by the Budget Committees of reconciliation bills or resolutions involving the actions of two or more committees called for in a budget resolution. This process is discussed in greater detail in a separate section on reconciliation.

It is important to note the distinct nature of the functions of the two Budget Committees. They are created to guide the Congress in the tasks of setting national fiscal policy aggregates; that is, total spending, revenue, and debt levels. No other committee of the Congress performs these tasks, a major defect prior to the establishment of the congressional budget process.

Furthermore, the Budget Committees are not intended to diminish in any way the responsibilities or prerogatives of other committees. They are intended to provide new fiscal policy and priority-

[4] Originally 4 years under the Act but changed by amendment to the Standing Rules of the House beginning with the 96th Congress.

[5] Originally 15 under the Act, but changed by amendment to the Standing Rules of the Senate, in the 96th Congress (20 Members) and the 97th Congress (22 Members).

BEST COPY AVAILABLE

setting functions which, properly executed, will enable other committees to perform their tasks with greater focus and effect.

The Balanced Budget and Emergency Deficit Control Act of 1985 imposed additional responsibilities on the Budget Committees. In the Senate, the Budget Committee is responsible for formulating a congressional response to a Presidential sequestration order prior to its final effect. In fulfilling that responsibility, the Committee is empowered to receive the views and estimates of Senate committees and report a resolution which affirms in whole or part a pending Presidential sequestration order. To the extent that a sequestration order is not affirmed, the resolution would set into motion a procedure similar to budget resolution reconciliation in an attempt to formulate a congressional alternative to a sequestration order. In the House, the Budget Committee has jurisdiction over the resolution.

In addition, the membership of the House and Senate Budget Committees would constitute the Temporary Joint Committee on Deficit Reduction in the event any of the reporting procedures under the sequestration process are invalidated by the Supreme Court.* The purposes of the Joint Committee are to receive the reports of the Directors of CBO and OMB and to report a joint resolution setting forth the contents of the report of the Directors. Enactment of that joint resolution gives rise to a sequestration order. (For a further discussion of the process, see Attachment "C".)

The Congressional Budget Office

In addition to the Budget Committees, the Act establishes a Congressional Budget Office.

This office is headed by a Director appointed by the Speaker of the House and the President pro tempore of the Senate after receiving recommendations from the House and Senate Budget Committees. The CBO Director, who is required to be appointed without regard to political affiliation, has a four year term of office and may be removed by either House.

The CBO is given wide-ranging and important responsibilities by the Act. With a specific mandate to assist the House and Senate Budget Committees, it serves as a principal source of information on the budget and on taxing and spending legislation. At the request of any committee of the House of Representatives or the Senate, the CBO shall provide these committees with information which will assist them with respect to the budget; appropriation bills; legislation authorizing or providing budget authority or tax expenditures; and information with respect to revenues, receipts, and changing revenue conditions.

In addition, the CBO also assumed the functions of the Joint Committee on Reduction of Federal Expenditures, particularly its scorekeeping duties which are an extremely important part of the budget process. Scorekeeping involves the tracking of Congress' nu-

*On February 7, 1986, a three judge panel of the United States District Court for the District of Columbia held the General Accounting Office's role in the reporting procedures unconstitutional on the ground that the Act vests executive power in the Comptroller General, an officer removable by Congress. On July 7, 1986, the United States Supreme Court upheld the lower court ruling. *Synar* v. *United States*, 626 F.Supp. 1374 (D.D.C. 1986), aff'd sub nom. *Bowsher* v. *Synar*, ——— U.S. ——— (July 7, 1986) (No. 85-1377).

BEST COPY AVAILABLE

merous spending decisions and relating them to the budget authority and outlay targets established in concurrent resolutions on the budget. Also, on or before February 15 of each year, it reports to the two Budget Committees on fiscal policy and national priorities for the fiscal year commencing on October 1 of that year.[6] This report discusses alternative budget levels, in the aggregate, as well as for each major functional category of the budget.

On or before January 15, CBO issues to Congress a report listing unauthorized programs and programs whose authorizations expire in the coming fiscal year. This report should also include authorizations of appropriations that have not been enacted for the ensuing fiscal year. The purpose of this requirement is to help Congress use the early months of the year to adopt authorizing legislation which must be in place before the thirteen regular appropriation bills can be considered.

The Budget Act also directs the CBO Director to conduct continuing studies to enhance comparisons of budget outlays, credit authority, and tax expenditures.[7]

The CBO also prepares for each bill or resolution reported by any committee of Congress (except the Committee on Appropriations of each House) and conference reports, an estimate of cost which would be incurred in carrying out such legislation. It is also responsible for a description of each method for establishing a Federal financial commitment contained in such bill, resolution,[8] or conference report that has been filed in either House.

The Balanced Budget and Emergency Deficit Control Act of 1985 placed additional responsibilities on CBO, outside the scope of the regular budget process. These duties provide that on August 20,[9] the Directors of CBO and OMB issue a joint report to GAO on the deficit for the coming fiscal year. The Comptroller General reviews the report and makes a determination of deficit levels and all other sequestration calculations. He then sends a report to the President and Congress which sets forth the same items that are in the OMB/CBO report. The Act requires that a "second" snapshot of the deficit is made by CBO and OMB before they issue a revised report on October 5.[10] Therefore, twice each fiscal year CBO and OMB take a snapshot of (1) spending and tax laws, and (2) economic, demographic, and other estimating factors and issue a report based upon that snapshot as the initial phase of the sequestration process.

The Congressional Budget Process

Title III of the Act includes a timetable for various phases of the congressional budget process, prescribing the actions to take place at each point. Title IV contains additional procedures relating to four types of "backdoor spending" authorities (contract, borrowing,

[6] P.L. 99-177, section 221(a) changed the date of "April 1" to "February 15" to comport with the new budget process schedule.
[7] See section 202(h), added by P.L. 99-177, Section 221(c).
[8] P.L. 99-177 amended section 403 by adding section 403(a)(4) requiring this description.
[9] January 15, 1986, for fiscal year 1986.
[10] No procedure for a second look is applicable for fiscal year 1986.

BEST COPY AVAILABLE

entitlement, and credit authority), which are important elements of the system.

THE CONGRESSIONAL BUDGET TIMETABLE (SEE ALSO ATTACHMENT A)

Following is a description of the elements of the congressional budget timetable set forth in Section 300 of the Act:

	Action to be completed
On or before first Monday after January 3.	President submits his budget to Congress.

The President's budget is required to be submitted on or before the first Monday after January 3. Concurrently, with the annual budget submission, the President is required to submit a current services budget. The annual budget submitted by the President remains one of the major factors in the development of the congressional budget. Shortly after its submission, the two Budget Committees begin hearings on the budget, the economic assumptions upon which it is based, the economy in general, and national budget priorities. Participants at these hearings include administration officials, Members of Congress, representatives of various national interest groups, and other public and private parties.

	Action to be completed
On or before February 15	Congressional Budget Office submits report to Budget Committees.

The Congressional Budget Office is required to submit its annual report to the Budget Committees on or before February 15. This report, described earlier in connection with CBO's duties, deals primarily with overall economic and fiscal policy and alternative budget levels and national budget priorities.

	Action to be completed
On or before February 25	Committees and joint committees submit reports to Budget Committees.

An important step in the budget process is the submission of the views and recommendations of all standing committees of the House and Senate. These reports are due February 25. These reports are important to the proper functioning of the budget process and, accordingly, are made mandatory by the Act. They provide the Budget Committees with an early and comprehensive indication of committee legislative plans for the next fiscal year. These reports contain views and estimates of new budget authority and outlays to be authorized in legislation under their jurisdiction which will become effective during the next fiscal year.

	Action to be completed
On or before March 1	Joint Economic Committee submits analysis of the current services budget.

The Joint Economic Committee is directed to submit a report with its recommendations as to the fiscal policies that would be appropriate to achieve goals of the Employment Act of 1946, as amended.

BEST COPY AVAILABLE

	Action to be completed
On or before April 1	Senate Budget Committee reports concurrent resolution on the budget to the Senate.

April 1 is fixed by the Act as the deadline for the Senate Budget Committee to report its concurrent resolution on the budget. No such deadline exists for the House Budget Committee.

	Action to be completed
On or before April 15	Congress completes action on concurrent resolution on the budget.

Congress is required to complete action by April 15 of each year on a concurrent budget resolution. The budget resolution sets forth appropriate budgetary levels for the coming fiscal year and planning levels for the two ensuing fiscal years, including aggregate levels for total new budget authority, budget outlays, direct loan obligations, primary loan guarantee commitments, revenues, the surplus or deficit, and the public debt. The budget resolution also sets forth the recommended amount by which revenues should be changed and includes a distribution of total new budget authority, budget outlays, direct loan obligations, and primary loan guarantees among functional categories representing major program areas of Federal budgetary activity.

Attachment E contains a copy of the conference report to accompany The First Concurrent Resolution on the Budget for Fiscal Year 1986.

In addition, the report on the resolution compares the Budget Committee's revenue estimates and budget authority and outlay levels with the estimates submitted in the President's budget and the CBO analysis of the President's budget. It also identifies the recommended sources of revenues; presents the economic assumptions and objectives of the resolution; allocates budget authority, outlays, and credit authority to committees of jurisdiction from the resolution's aggregate levels; and indicates significant changes, if any, in Federal aid to States and localities.

Beginning with the Concurrent Resolution on the Budget for Fiscal Year 1987, only one budget resolution is required. Budget authority and outlays established for each of the major functional categories, as well as for the five major budget aggregates—revenues, budget authority, outlays, deficit, and public debt are binding ceilings. Aggregate ceilings for direct loan obligations and loan guarantee commitments are also included. These budget ceilings, which represent a congressional determination of appropriate fiscal policy and national budget priorities, guide the Congress in its subsequent spending and revenue decision. With the adoption of the concurrent budget resolution, discussed below, the aggregate budget authority and outlay levels become binding ceilings, and the revenue level becomes a binding floor.

Following adoption of the budget resolution, the Budget Committee, aided by the CBO, provides up-to-date scorekeeping reports to inform Members as to how congressional action on spending and revenues compare with the budget aggregates and functional ceilings in the resolution.

BEST COPY AVAILABLE

A new point of order is created against consideration of a budget resolution, amendments, and conference report, if the effect of such measure would be to produce a recommended level of deficit for a fiscal year which exceeds the maximum deficit amount for that year. In the House, this point of order, insofar as it applies to conference reports and amendments in disagreement, can only be waived by a vote of three-fifths of the Members present and voting, a quorum being present.

April 15 is a key date in the congressional process. It is the deadline for the adoption of the budget resolution by the Congress, and prior to its adoption, neither House may consider any revenue, spending, entitlement, credit, or debt legislation. The only measures permitted to be considered prior to the adoption of the budget resolution are those involving advance budget authority or changes in revenues which first become effective following the fiscal year dealt with the budget resolution. However, after May 15, any general appropriation bill can be taken up for consideration in the House, even in the absence of a budget resolution.

The Act provides special procedures for House consideration of the budget resolution and conference reports on such resolutions. Floor consideration may begin only after a five-day layover period so that Members may have a full opportunity to study the resolution and the accompanying report. Consideration is in the Committee of the Whole, with 10 hours allowed for general debate and amendments considered under the five-minute rule. Amendments must be mathematically consistent and must contain all aggregate and functional totals required by the Act. A motion to recommit the resolution is not in order, nor is a motion to reconsider. Of course, the Rules Committee may provide a rule addressing debate time, amendments, motions, etc. regarding consideration of a particular budget resolution or conference report.

If the House and Senate conferees are unable to agree on a budget resolution after seven days, they must report to their Houses recommending all matters in agreement and reporting all matters in disagreement. Debate on the conference report on the resolution in the House is limited to five hours; and again, motions to recommit or to reconsider are not in order.

In addition to the various matters required to be included in the resolution, the Act also provides for important material to be included in the joint statement of managers accompanying the conference report.

The joint statement must make an allocation (commonly known as the section 302(a) allocation) of total budget authority, outlays, entitlement authority, and credit authority contained in the resolution among the appropriate committees to the House and Senate. For example, if the conference report allocates $7 billion in budget authority and $6 billion in outlays for the functional category "Community and Regional Development," the statement of managers must divide those amounts among the various committees of the House and Senate with jurisdiction over programs and covered by that functional category. Each committee to which an allocation is made must, in turn, further subdivide its allocation (section 302(b) subdivisions) among its subcommittees or programs, and "as soon as practicable" report such subdivisions to the House.

BEST COPY AVAILABLE

All amounts—budget authority, outlays, entitlement authority, and credit authority—are allocated in two separate components: "Current Level" and "Discretionary Action." Current level refers to existing permanents, entitlements, "prior-year" outlays from discretionary appropriations, and direct loans made as a result of defaults on loan guarantees. Discretionary action refers to all amounts assumed in the budget resolution, but not yet enacted into law for "direct spending" legislation and for 1987 discretionary appropriations.

The term "discretionary action" corresponds to "new discretionary budget authority," new credit authority, and "new spending authority described in section 401(c)(2)(C)," i.e., new entitlement authority. There is only one target for discretionary action entitlement authority, applying to all entitlement legislation whether funded through Federal, revolving, or trust funds. The discretionary action allocation of budget authority, outlays, entitlement authority, and credit authority would include any assumed legislative increase or decrease to existing permanent or entitlement law, and all new discretionary appropriations for the ensuing fiscal year. This category covers the spending and credit bills that Congress will consider following adoption of the budget resolution.

	Action to be completed
After May 15	Annual appropriation bills may be considered in the House.

General appropriation bills may be considered in the House after May 15, even if a budget resolution for the ensuing fiscal year has yet to be agreed to.

	Action to be completed
On or before June 10	House Appropriations Committee reports last annual appropriation bill.

After Congress has adopted a budget plan, it proceeds to work on specific spending and revenue measures. The timetable sets June 10 as the deadline for the House Appropriations Committee to report the last annual appropriation bill.

On or before June 15	Congress completes reconciliation.

June 15 is the date for completion of the reconciliation process, the final phase of the budget process. The Congress may not adjourn for more than three calendar days during the month of July until the House of Representatives has completed action on the reconciliation legislation. Furthermore, after adoption of the budget resolution, it is not in order in either House to consider any new spending legislation that would cause the aggregate levels of total budget authority or outlays adopted in that resolution to be exceeded, nor to consider a measure that would reduce total revenues below the levels in the resolution. A point of order would lie against legislation that caused the appropriate allocation of new discretionary budget authority or new entitlement authority made pursuant to 302(b) for such fiscal year, for the committee within whose jurisdiction such legislation falls, to be exceeded.

Of course, Congress may adopt a revision of its most recent resolution at any time during the fiscal year.

BEST COPY AVAILABLE

	Action to be completed
On or before June 30	House completes action on annual appropriation bills.

In the House, action on annual appropriation bills is to be completed in the House by June 30. The House is prohibited from considering a resolution providing for an Independence Day recess until it has approved all the annual appropriation bills for the coming fiscal year. In the past, action on appropriation bills has not always been completed by October 1, necessitating the passage of a "continuing resolution" to provide appropriations on a temporary basis until the regular appropriation bills are enacted.

In the event of sharp revisions in revenues or spending estimates brought on by major changes in the economy, Congress may revise its budget resolution during the fiscal year, thereby altering the spending and revenue totals. While this may be done at any time during the fiscal year, the Congress in recent years has followed the practice of revising the budget plan for the current fiscal year as part of the budget resolution for the upcoming fiscal year. For example, the budget resolution for fiscal year 1986 also revised the budget totals for fiscal year 1985.

Oct. 1	Fiscal year begins.

The fiscal year begins on October 1.

THE RECONCILIATION PROCESS (LEGISLATIVE SAVINGS AND REVENUE REFORM—SECTION 310)

Section 310 of the Act provides for the inclusion of reconciliation instructions in a budget resolution and for the reporting and consideration of a reconciliation bill or resolution.

In general, reconciliation language directs one or more committees of the Congress to submit legislation increasing or decreasing revenues, spending credit, or the limit on the public debt. The purpose of the reconciliation process is to require committees to implement the spending and tax policy decisions agreed to in the budget resolution. If the reconciliation directive involves more than one committee in each House, then all committees affected by the directive are to submit their recommendations to their respective Budget Committees which will assemble, without substantive revision, all the recommendations into one package for action by the House or Senate.

Reconciliation language in a budget resolution deals only with total spending (including entitlement programs, and credit), and/or revenues, and not with specific program reductions or specific tax measures. Of course, language in the committee report may amplify the committee's intent with respect to programs and functions affected by the reconciliation process.

Gramm-Rudman-Hollings codified reconciliation practices that had evolved since its first use in 1980. To the extent necessary to effectuate the budget resolution, the resolution shall direct committees to recommend legislation that achieves specified changes in the amounts of new budget authority, prior-year budget authority, new entitlement authority, credit authority, revenues, or the public debt limit level contained in laws within its jurisdiction.

BEST COPY AVAILABLE

A committee which receives a reconciliation directive consisting of spending reductions and revenue increases is allowed to substitute up to 20 percent of its total amount of savings in spending reductions for revenue increases and vice versa.

In the House, a new point of order is created against an amendment to a reconciliation bill or resolution if that amendment's net impact is to increase spending or to decrease revenues. A motion to strike provisions containing new budget authority or new entitlement authority may be in order.

The House Committee on Rules may make in order amendments to reconciliation bills achieving deficit reduction for committees failing to submit recommended changes pursuant to reconciliation instructions.

June 15 is established as the completion date for reconciliation and the House is prohibited from considering a resolution providing for the Independence Day district work period until the House has completed action on reconciliation legislation for the coming fiscal year.

A new point of order prohibits consideration of a reconciliation bill, amendment thereto, or conference report thereon, which contains changes in Social Security benefits.

For a full discussion of the reconciliation process and the history of its use, see *A Review of the Reconciliation Process*, Budget Process Task Force, Committee on the Budget, U.S. House of Representatives (Committee Print 1984).

SPECIAL PROCEDURES FOR BACKDOOR SPENDING LEGISLATION (SECTIONS 401 AND 402)

In addition to the budget timetable, sections 401 and 402 of the Budget Act provide controls over four forms of "backdoor" spending—entitlements, contract authority, borrowing authority, and credit authority. Under the Budget Act reforms, a bill, resolution, amendment, or conference report containing contract authority, borrowing authority, or credit authority is subject to a point of order unless it also provides that the authority is effective only to the extent provided in an appropriation act. In effect, the Budget Act closes the door to new contract authority, borrowing authority, or loans outside the appropriations process.

Section 402(a) creates a new point of order prohibiting consideration of legislation providing new credit authority unless that legislation also limits the use of such authority to the extent provided in appropriation acts. The scope of this provision is limited to new credit authority considered after the date of enactment, including any increase in or addition to existing credit authority.

With respect to entitlement legislation, the Budget Act provides two major constraints. First, any bill or resolution containing a new entitlement is subject to a point of order (section 401(b)(1)) unless the entitlement is to take effect on or after the first day of the fiscal year which begins in the calendar year in which the bill or resolution is reported. The point of order lies against the entire bill, not just the provision containing the entitlement. Second, any new entitlement which requires new budget authority in excess of the amounts allocated to committees for new entitlements must be

BEST COPY AVAILABLE

referred to the Appropriations Committee for a period not to exceed 15 days (section 401(b)(2)). The Appropriations Committee may recommend an amendment to the entitlement bill in order to limit the total amount of new spending authority provided.

The backdoor spending restrictions of section 401 do not apply to Social Security trust funds, 90 percent self-financed trust funds, general revenue sharing legislation (to the extent it is exempted in renewal legislation), and certain Government corporations (exempted by law from compliance with any or all of the provisions of the Government Corporation Control Act as of the date of enactment of Gramm-Rudman-Hollings; December 12, 1985).

The congressional budget timetable, together with the new controls on backdoor spending, establishes a tightly woven yet flexible set of new procedures. Despite the relatively large number of statutory deadlines, the Act does not specify every important date—the reporting of the budget resolution in the House, for example. Much is left to be worked out on the basis of experience and the development of practical and flexible procedures.

Yet, it was essential, in the view of the drafters of the Act, to set firm dates for key elements of the process. Certain parts of the budget process cannot move ahead unless other actions are completed. For example, appropriations cannot be considered until after completion of a budget resolution or May 15. Thus, failure to complete a particular action on schedule affects later actions as well. In short, the four main phases of the budget process (authorizations, budget resolutions, spending measures, and reconciliation) must be completed by the dates assigned to them in the Act.

THE PUBLIC DEBT LIMIT

An amendment to the Standing Rules of the House, Public Law 96–78, enacted September 29, 1979, provides that the debt limit for a fiscal year will be the amount specified in the most recently approved conference report to accompany the budget resolution for such fiscal year.

The procedure on the House side, first applied in the First Budget Resolution for Fiscal Year 1981, integrates the public debt limit into the congressional budget process which, by setting the budget totals, will determine what amount of debt may be incurred and the total amount of debt outstanding.

The level approved in the budget resolution then becomes the substance of a joint resolution that is "deemed to be passed" by the House and is sent to the Senate for its approval.

In the Senate, the Senate Finance Committee retains jurisdiction over the initiation and consideration of this matter although the budget resolution reported from the Senate Budget Committee would continue to include, as one of the aggregates, the appropriate level of the public debt for a given fiscal year. Accordingly, the Senate Finance Committee and/or the Senate could amend the joint resolution and, therefore, require further action by the House. After final action by the Congress, the joint resolution is forwarded to the President for his signature.

Notwithstanding this procedure for consideration of the public debt in the House, the Ways and Means Committee still retains

BEST COPY AVAILABLE

general legislative jurisdiction over the debt and can undertake specific legislative action.

ENROLLMENT OF SPENDING BILLS (SECTION 301(b)(3)) AND MISCELLANEOUS MATTERS (SECTION 301(b)(4))

Section 301(b)(3) of the Act provides as an option that all or certain spending bills, including both appropriation and entitlement bills shall not be enrolled until after Congress has completed action on any reconciliation measure required in the budget resolution for such fiscal year.

This procedure was implemented for the first time in the First Budget Resolution for Fiscal Year 1981. It was directed only at bills which exceeded their section 302(b) subdivisions. Its primary purpose was to bring spending measures under effective control of the budget process. Bills which were consistent with the first budget resolution allocations were sent to the President for signature immediately. Variations of the deferred enrollment procedure have been part of the First Budget Resolutions for Fiscal Years 1981, 1982, 1983, and 1984.

Section 301(b)(4) of the Act provides for the inclusion in budget resolutions of any other procedure which is considered appropriate to carry out the purposes of a resolution. Pursuant to this authority, budget resolutions have in the past included various matters such as aggregrate and functional targets for direct loan obligations and loan guarantee commitments (nonbinding prior to fiscal year 1986), outyear aggregate and functional totals, an automatic second budget resolution (consistent with the prior requirement for a first and second budget resolution for a fiscal year), and sense of the Congress language pertaining to various studies and budget process issues.

BUDGET INFORMATION, PROGRAM EVALUATION, AND EFFECTIVE DATES

Titles V through IX of the Act provide for a change in the fiscal year; make various improvements in budget terminology and matters to be included in the President's budget; provide for improved program review and evaluation procedures; and specify the effective dates for various provisions of the Act. Much of Titles V through VIII has been repealed since enactment of the Budget Act, with sections either executed or codified.

A new fiscal year

Title V of the Budget Act shifted the fiscal year from the July 1–June 30 to October 1–September 30. The 3-month transitional period was accommodated between the Second Budget Resolution for Fiscal Year 1976 and the First Budget Resolution for Fiscal Year 1977.

The President's budget

Title VI of the Act requires additional information to be contained in the President's budget:

(1) the same matters required to be included in concurrent resolutions on the budget;

BEST COPY AVAILABLE

(2) variances during the past fiscal year between actual and estimated revenues and between actual and estimated uncontrollable outlays;

(3) cost information with respect to any program for which advance appropriations are proposed;

(4) a presentation in terms of national needs, agency missions, and basic programs; and

(5) a 5-year projection of various budget matters.

The President's budget is to be updated twice annually—on April 10 and July 15 [11]—and accompanied by a statement of all amendments or revisions proposed after submission of the initial budget.

In addition, the Act requires the Executive to submit no later than May 15 of the previous calendar year requests for authorizing legislation for the fiscal year following the immediately ensuing fiscal year. For example, authorizing legislation for programs to begin in fiscal year 1988 (October 1, 1987) must be submitted to the Congress no later than May 15, 1986. Title VI also provides for submission of the current services budget, the purpose and content of which was described in the context of the congressional budget timetable.

Program review and evaluation

Title VII of the Act authorizes House and Senate committees to conduct program testing or analytic activities or to require agencies to evaluate programs and report the results to them. It also expands the program review and evaluation authority of the General Accounting Office to enable it to provide additional assistance to the Congress. The results of improved program review and evaluation efforts will assure more informed congressional budget decisions.

Studies

Several provisions of the Act direct the undertaking of important studies of various aspects of the budget process:

(1) the Budget Committees are directed to study additional budget reform proposals, improved information for program analysis and systematic evaluation, time limits on program authorizations, and techniques of human resource accounting;

(2) the Budget Committees are to make continuing studies of off-budget agencies;

(3) the Congressional Budget Office and the Office of Management and Budget are to jointly study, but separately report on, the feasibility and desirability of using advance appropriations for all or portions of the budget; [12] and

(4) the Appropriations Committees are to make continuing studies of contract, borrowing, and entitlement authority enacted prior to January 1976, as well as studies of permanent budget authority (which becomes available annually without current action by the Congress), and to report periodically with recommendations to terminate or modify such authorities.

---

[11] The President's budget updates have generally been submitted earlier in order to accommodate markup of budget resolutions.

[12] Study competed and filed March 1977.

BEST COPY AVAILABLE

Standard budget terminology (See attachment F)

Title VIII directs GAO, in conjuntion with the CBO, Treasury, and the Office of Management and Budget, to develop standard budget terminology, definitions, classifications, and codes for use by Federal agencies supplying budget information to Congress. These were submitted and most recently published in March 1981. In addition, changes in functional classifications may be made only in consultation with the House and Senate Budget and Appropriations Committees.

Social Security Trust Funds

The Balanced Budget and Emergency Deficit Control Act of 1985 (Gramm-Rudman) affected the treatment of Social Security under the congressional budget process. Beginning in fiscal year 1986, the receipts and disbursements of the Federal Old-Age and Survivors Insurance Trust Fund, and the Federal Disability Insurance Trust Fund, and the taxes imposed on employers, employees, and the self-employed may not be included in the Federal budget, either as submitted by the President or as stated in the congressional budget resolution. Receipts and disbursements of the trust funds are included in the Federal budget for fiscal years 1986 through 1991 only for the purpose of the deficit estimates required to determine whether the Federal deficit is within the maximum deficit amount targets required in the balanced budget act. Social Security benefits are exempt from sequestration.

Gramm-Rudman also exempted receipts and disbursements of the trust funds from any general budget limitation imposed by statute on expenditures and net lending or budget outlays of the Federal Government. In addition, Gramm-Rudman provided that no provision of law enacted after the date of enactment of that Act, other than an appropriation to the trust funds already authorized under the Social Security Act, could provide for payments from the general Treasury into the trust funds, or from the trust funds into the Treasury.

Finally changes to the Social Security program may not be included in a reconciliation bill pursuant to a budget resolution or in a Senate-originated response to sequestration.

Off-budget entities

The Balanced Budget and Emergency Deficit Control Act of 1985 amended the treatment of off-budget entities in the Federal budget. In general, with the exception of Social Security trust funds, off-budget entities are treated as on-budget for purposes of the Budget Act and Gramm-Rudman, including calculations of maximum deficit targets. Receipts and disbursements of the Federal Financing Bank (FFB), with respect to loan obligations of another Federal agency, previously accounted off budget, are included in the accounts of the agency.

"Off-budget entity" is defined in the Congressional Budget Act as any entity, other than a privately-owned Government-sponsored entity, established by law, with receipts and disbursements required by law to be excluded from the totals of the budget submitted by the President or congressional budget resolutions.

BEST COPY AVAILABLE

IMPOUNDMENT CONTROL

Title X, dealing with impoundment control, is a critical part of budget reform, a companion feature of the new budget control system. In the words of the House Rules Committee report on the budget reform legislation:

"One without the other would leave the Congress in a weak and ineffective position. No matter how prudently Congress discharges its appropriations responsibility, legislative decisions have no meaning if they can be unilaterally abrogated by Executive impoundments. On the other hand, if Congress appropriates funds without full awareness of the country's fiscal condition, its actions may be used by the President to justify the improper withholding of funds. By joining budget and impoundment control in a complete overhaul of the budget process the bill seeks to assure that the power of appropriation assigned to the Congress is responsibly and effectively exercised."

The title recognizes two types of impoundment actions by the Executive Branch: rescissions and deferrals.

Rescissions (proposed permanent withholdings of budget authority) must be proposed by the President whenever he determines that (1) all or part of any budget authority will not be needed to carry out the full objectives of a particular program; (2) budget authority should be rescinded for fiscal reasons; or (3) all or part of budget authority provided for only one fiscal year is to be reserved from obligation for that year. In such cases, the President is to submit a special message to the Congress requesting rescission of the budget authority, explaining fully the circumstances and reasons for the proposed action. Unless both Houses of the Congress complete action on a rescission bill within 45 days, the budget authority must be available for obligation.

Deferrals (proposed temporary withholding of budget authority) must be proposed by the President whenever any Executive action or inaction effectively precludes the obligation or expenditure of budget authority. In such cases, the President is to submit a special message to the Congress recommending the deferral of the budget authority. The President is required to make such budget authority available for obligation if either House passes an "impoundment resolution" disapproving the proposed deferral at any time after receipt of the special message.[13]

A motion to discharge the committee of jurisdiction may be made by any Member who supports a rescission or deferral, if that committee has not reported an appropriate rescission bill or impoundment resolution at the end of 25 days after its introduction. A motion to proceed to the consideration of such legislation may be made as soon as the committee has been discharged.

---

[13] The Supreme Court, in *Immigration and Naturalization Service* v. *Chadha*, 462 U.S. 919 (1983), held a similar one-House "legislative veto" provision unconstitutional. Since 1983, the Congress has utilized appropriation bills or joint resolutions to disapprove deferral proposals. The constitutionality of the President's authority to defer spending under the Congressional Budget and Impoundment Control Act of 1974, in light of the *Chadha* decision, has been challenged in court. On May 16, 1986, the United States District Court for the District of Columbia found the one-House veto provision inseverable from deferral authority granted the President in the Impoundment Control Act and ordered section 1013 of that Act set aside in its entirely. *City of New Haven* v. *United States*, No. 86-0455 (D.D.C. May 16, 1986).

BEST COPY AVAILABLE

Rescission and deferral messages are also to be transmitted to the Comptroller General who must review each message and advise the Congress of the facts surrounding the action and its probable effects. In the case of deferrals, he must state whether the deferral is, in his view, in accordance with existing statutory authority. The Comptroller General is also required to report to the Congress reserve or deferral action which has not been reported by the President; and to report and reclassify any incorrect transmittals by the President. Such reports by the Comptroller General have the same legal effect as rescission or deferral messages from the President.

If budget authority is not made available for obligation by the President as required by the impoundment control provisions, the Comptroller General is authorized to initiate a civil action to bring about compliance. However, such action may not be brought until 25 days after the Comptroller General files an explanatory statement with the House and Senate.

The President is also required to submit monthly cumulative reports of proposed rescissions, reservations, and deferrals These reports, to be published in the *Federal Register*, are to explain fully the factors that prompted the various impoundment actions.

ECONOMICS AND THE BUDGET PROCESS

The state of the economy and projections of future economic developments are critical factors in the development of budget recommendations. The budget and the economy interact with each other in many ways, the most important of which are:

First, many parts of the budget are sensitive to economic conditions, so that changes in the economic outlook can cause variations of tens of billions of dollars in outlay and revenue estimates. Revenues are affected by taxable incomes and many income security programs are affected by the level of economic activity and unemployment, so that slower economic growth will reduce income tax revenues and raise unemployment compensation, food stamps, AFDC, and other program spending. A higher inflation rate raises spending for those parts of the budget either explicitly or implicitly indexed for price changes, and can raise tax revenues in the short run as incomes rise faster than expected. (In the longer term, however, indexation of personal taxes prevents inflation from permanently increasing revenues as would have occurred prior to 1985 when indexing took effect.) Higher interest rates raise the cost of servicing the Federal debt, and therefore interest outlays in the budget.

Second, the budget has important effects upon the economy. For example, large and rising budget deficits accommodated by monetary policy tend to increase total demand in the economy; when private sector demands are strong this can lead to inflation if economic capacity is fully employed. Large deficits may, in any case, keep interest rates high if Government financing requirements compete with credit needs of the private sector. Such higher interest rates may attract foreign investment or result in reduced lending abroad by U.S. investors; in either case the exchange rate of the dollar may rise, with adverse consequences for U.S. exporters and import-competing indus-

BEST COPY AVAILABLE

tries. On the other hand, excessive fiscal restraint when the economy is weak may contribute to that weakness and impede economic recovery.

Because budget revenues and spending depend so importantly upon economic conditions, the Committee requires a specific economic forecast for the budget year and economic projections for future years as the basis for its budget recommendations. The economic forecast and projections require, first of all, an assessment of current conditions in the economy and a projection of likely future conditions under current economic policy. After making such an assessment, the Committee must consider the likely economic effects of any policy changes which it may propose.

The assessment of current economic conditions is based upon the appraisal of many economic statistics and expert testimony from the adminstration, the Congressional Budget Office, the Federal Reserve Board and independent experts. In deciding upon appropriate fiscal policy, the Committee considers proposals from the administration and from the Joint Economic Committee as provided in the Budget Act, recommendations of other committees and Members of Congress, and proposals made in testimony from private groups and individuals. In evaluating these proposals the Committee must decide whether the economic developments forecast to result from current economic policy is satisfactory, and, if not, whether it can be modified by different economic policies. The Committee must then decide which of many competing proposals it should incorporate into its own policy recommendations, and what the effects of these proposals will be upon the Committee's economic projections.

There are a number of major considerations which the Committee must take into account in arriving at a set of final economic projections:

Consistency. The economic projections on which the budget recommendations are based must be internally consistent. Thus, it would be unrealistic for the Committee to assume continued rapid economic growth simultaneously with rapidly decelerating inflation and sharp declines in interest rates for the entire five years of the projections, or rapidly declining unemployment together with only moderate economic growth.

Structural Characteristics of the Budget. In formulating fiscal policy it is necessary for the Committee to distinguish between temporary or cyclical characteristics of the budget caused by fluctuation in economic activity and more permanent or structural characteristics which reflect budgetary policy. Deficits resulting from a recession have a different economic significance than deficits resulting from, for example, increases in defense spending, expansion of entitlement payments, or a permanent loss of revenues resulting from tax reductions. Similarly, an unusually small deficit or budget surplus resulting from an economic boom would not reflect the structural budget position.

Relationship Between Fiscal Policy and Monetary Policy. While the fiscal policy contained in the Federal Budget has major effects on the economy, the budget is by no means the only instrument of macroeconomic policy. In particular, mone-

BEST COPY AVAILABLE

tary policy also has important effects upon the economy, and monetary and fiscal policy should be coordinated so that they are working toward the same goals. For instance, it would not normally be appropriate for fiscal policy to be extremely stimulative through large structural budget deficits, and at the same time for monetary policy to be extremely restrictive by maintaning very slow growth in the money supply, with consequently high interest rates. In order to better coordinate fiscal and monetary policy, the Budget Committee has generally reported to the Congress on fiscal and monetary policy coordination in its reports on the budget resolutions, and has sometimes included in the budget resolution recommendations on monetary policy which, in the Committee's view, would best serve to advance the coordination between fiscal and monetary policy and the attainment of Congressional economic goals assumed in the resolution.

BEST COPY AVAILABLE

BLANK PAGE

BLANK PAGE

BLANK PAGE

ATTACHMENT "A"

THE CONGRESSIONAL BUDGET PROCESS

January	February	March	April	May	June	July	August	September	October	November	December
10 15 21	1 5 25	1	1 15	15	10 15	4	15 20 25	1	1 5 10 15	15	
President submits budget (first Monday after January 3).[1] "Snapshot" of FY '86 deficit is taken. Directors of CBO/OMB submit report to GAO on estimated deficit level for FY '86 and indicate excess over maximum amount, if any.[2] GAO issues report to President based on the findings of CBO and OMB.[2] Congress convenes.	President issues order.[2] Committees submit views and estimates.	Order becomes effective.[2]	GAO issues compliance report.[2] Congress completes action on budget resolution. Points of Order: Cannot consider: spending bills, entitlement bills, revenue bills, credit bills, or public debt bills until budget resolution is adopted. Cannot consider budget resolution (amendment or conference report) in excess of maximum deficit level.	Annual appropriation bills may be considered in the House. Points of Order: After Congress completes action on budget resolution: Cannot consider legislation which would exceed the spending ceiling or would cause revenues to fall below the revenue floor; or would exceed the maximum deficit level (Senate only). Cannot consider spending or credit legislation until a committee files its 302(b) allocation. Cannot consider spending or credit legislation in excess of 302(b) allocation	House Appropriations Committee reports last annual appropriation bill. Congress completes action on reconciliation. Points of Order: Cannot consider amendments to reconciliation bill which are not deficit-neutral. Cannot consider reconciliation bill or amendments to such bill impacting on Social Security. (Also applies to conference reports to Presidential sequestration order.)	Points of Order: Until House completes action on regular appropriation bills and reconciliation measures: House cannot consider resolution of adjournment for more than three calendar days in July.	"Snapshot" of deficit is taken. Directors of CBO/OMB submit report to GAO on estimated deficit level for FY '87. GAO issues report to the President based on the findings of CBO and OMB.	President issues order.	Order becomes effective (FY begins.) Directors of CBO/OMB issue revised report based on congressional action. GAO issues revised report to the President. Final order, as revised, is effective.	GAO compliance report is issued.	

[1] President submits fiscal year 1987 budget on or before February 5, 1986.
[2] Applies to calendar year 1986 only.

BEST COPY AVAILABLE

25

BLANK PAGE

ATTACHMENT "B"

Congressional Budget and Impoundment Control Act of 1974, As Amended (Including Amendments Made by the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99–177))

BEST COPY AVAILABLE

PUBLIC LAW 93-344

93D CONGRESS, H.R. 7130

JULY 12, 1974

AN ACT To establish a new congressional budget process; to establish Committees on the Budget in each House; to establish a Congressional Budget Office; to establish a procedure providing congressional control over the impoundment of funds by the executive branch; and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLES; TABLE OF CONTENTS

SECTION 1. (a) SHORT TITLES.—This Act may be cited as the "Congressional Budget and Impoundment Control Act of 1974." Titles I through IX may be cited as the "Congressional Budget Act of 1974" and title X may be cited as the "Impoundment Control Act of 1974".

(b) TABLE OF CONTENTS.—

Sec. 1. Short titles; table of contents.
Sec. 2. Declaration of purposes.
Sec. 3. Definitions.

TITLE I—ESTABLISHMENT OF HOUSE AND SENATE BUDGET COMMITTEES

Sec. 101. Budget Committee of the House of Representatives.
Sec. 102. Budget Committee of the Senate.

TITLE II—CONGRESSIONAL BUDGET OFFICE

Sec. 201. Establishment of Office.
Sec. 202. Duties and functions.
Sec. 203. Public access to budget data.

TITLE III—CONGRESSIONAL BUDGET PROCESS [1]

Sec. 300. Timetable.
Sec. 301. Annual adoption of concurrent resolution on the budget.
Sec. 302. Committee allocations.
Sec. 303. Concurrent resolution on the budget must be adopted before legislation providing new budget authority, new spending authority, new credit authority or changes in revenues or the public debt limit is considered.
Sec. 304. Permissible revisions of concurrent resolutions on the budget.
Sec. 305. Procedures relating to consideration of concurrent resolutions on the budget.
Sec. 306. Legislation dealing with congressional budget must be handled by budget committees.
Sec. 307. House committee action on all appropriation bills to be completed by June 10.
Sec. 308. Reports, summaries, and projections of congressional budget actions.
Sec. 309. House approval of regular appropriation bills.
Sec. 310. Reconciliation.

[1] The table of contents with respect to title III was amended to read as reflected herein by P.L. 99-177, section 231.

BEST COPY AVAILABLE

Sec. 311. New budget authority, new spending authority, and revenue legislation must be within appropriate levels.

TITLE IV—ADDITIONAL PROVISIONS TO IMPROVE FISCAL PROCEDURES [2]

Sec. 401. Bills providing new spending authority.
Sec. 402. Legislation providing new credit authority.
Sec. 403. Analyses by Congressional Budget Office.
Sec. 404. Jurisdiction of Appropriations Committees.
Sec. 405. Study by the General Accounting Office of forms of Federal financial commitment that are not reviewed annually by Congress.
Sec. 406. Off-budget agencies, programs, and activities.
Sec. 407. Member user group.

TITLE V—CHANGE OF FISCAL YEAR

Sec. 501. Fiscal year to begin October 1.
Sec. 502. Transition to new fiscal year.
Sec. 503. Accounting procedures.
Sec. 504. Conversion of authorizations of appropriations.
Sec. 505. Repeals.
Sec. 506. Technical amendments.

TITLE VI—AMENDMENTS TO BUDGET AND ACCOUNTING ACT, 1921

Sec. 601. Matters to be included in President's budget.
Sec. 602. Midyear review.
Sec. 603. Five-year budget projections.
Sec. 604. Allowance for supplemental budget authority and uncontrollable outlays.
Sec. 605. Budget data based on continuation of existing level of services.
Sec. 606. [Repealed.] [3]
Sec. 607. Year-ahead requests for authorization of new budget authority.

TITLE VII—PROGRAM REVIEW AND EVALUATION

Sec. 701. Review and evaluation by standing committees.
Sec. 702. Review and evaluation by the Comptroller General.
Sec. 703. Continuing study of additional budget reform proposals.

TITLE VIII—FISCAL AND BUDGETARY INFORMATION AND CONTROLS

Sec. 801. Amendment to Legislative Reorganization Act of 1970.
Sec. 802. Changes in functional categories.

TITLE IX—MISCELLANEOUS PROVISIONS; EFFECTIVE DATES

Sec. 901. Amendments to rules of the House.
Sec. 902. Conforming amendments to standing rules of the Senate.
Sec. 903. Amendments to Legislative Reorganization Act of 1946.
Sec. 904. Exercise of rulemaking powers.
Sec. 905. Effective dates.
Sec. 906. Application of congressional budget process to fiscal year 1976.

TITLE X—IMPOUNDMENT CONTROL

PART A—GENERAL PROVISIONS

Sec. 1001. Disclaimer.
Sec. 1002. Amendment to Antideficiency Act.
Sec. 1003. Repeal of existing impoundment reporting provision.

PART B—CONGRESSIONAL CONSIDERATION OF PROPOSED RESCISSIONS, RESERVATIONS, AND DEFERRALS OF BUDGET AUTHORITY

Sec. 1011. Definitions.
Sec. 1012. Rescission of budget authority.
Sec. 1013. Disapproval of proposed deferrals of budget authority.

---

[2] The table of contents with respect to section 402 was amended to read as reflected herein by P.L. 99-177, section 232(a)(1). Reference to sections 405-407 was added by P.L. 99-177, section 232(a)(2).

[3] Section 606 was repealed by P.L. 99-177, section 232(a)(3).

60-607 O - 86 - 2

BEST COPY AVAILABLE

Sec. 1014. Transmission of messages; publication.
Sec. 1015. Reports by Comptroller General.
Sec. 1016. Suits by Comptroller General.
Sec. 1017. Procedure in House and Senate.

DECLARATION OF PURPOSE

SEC. 2. The Congress declares that it is essential—

(1) to assure effective congressional control over the budgetary process;

(2) to provide for the congressional determination each year of the appropriate level of Federal revenues and expenditures;

(3) to provide a system of impoundment control;

(4) to establish national budget priorities; and

(5) to provide for the furnishing of information by the executive branch in a manner that will assist the Congress in discharging its duties.

DEFINITIONS [4]

SEC. 3. *(a)* IN GENERAL.—For purposes of this Act—

(1) The terms "budget outlays" and "outlays" mean, with respect to any fiscal year, expenditures and net lending of funds under budget authority during such year.

(2) The term "budget authority" means authority provided by law to enter into obligations which will result in immediate or future outlays involving Government funds or to collect offsetting receipts, [5] except that such term does not include authority to insure or guarantee the repayment of indebtedness incurred by another person or government.

(3) The term "tax expenditures" means those revenue losses attributable to provisions of the Federal tax laws which allow a special exclusion, exemption, or deduction from gross income or which provide a special credit, a preferential rate of tax, or a deferral of tax liability; and the term "tax expenditures budget" means an enumeration of such tax expenditures.

(4) The term "concurrent resolution on the budget" means—

(A) a concurrent resolution setting forth the congressional budget for the United States Government for a fiscal year as provided in section 301;

(B) a concurrent resolution reaffirming or revising the congressional budget for the United States Government for a fiscal year as provided in section 310; and

(C) any other concurrent resolution revising the congressional budget for the United States Government for a fiscal year as described in section 304.

(5) The term "appropriation Act" means an Act referred to in section 105 of title 1, United States Code.

(6) The term "deficit" means, with respect to any fiscal year, the amount by which total budget outlays for such fiscal year exceed total revenues for such fiscal year. In calculating the

[4] Sections 3(6) through 3(10) were added by P.L. 99-177, section 201(a)(1), which also modified the language of section 3(2), as reflected herein.

[5] The phase "or to collect offsetting receipts" becomes effective April 15, 1986; P.L. 99-177, section 275(a)(2)(A).

BEST COPY AVAILABLE

deficit for purposes of comparison with the maximum deficit amount under the Balanced Budget and Emergency Deficit Control Act of 1985 and in calculating the excess deficit for purposes of sections 251 and 252 of such Act (notwithstanding section 710(a) of the Social Security Act), for any fiscal year, the receipts of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund for such fiscal year and the taxes payable under sections 1401(a), 3101(a), and 3111(a) of the Internal Revenue Code of 1954 during such fiscal year shall be included in total revenues for such fiscal year, and the disbursements of each such Trust Fund for such fiscal year shall be included in total budget outlays for such fiscal year.[6] Notwithstanding any other provision of law except to the extent provided by section 710(a) of the Social Security Act, the receipts, revenues, disbursements, budget authority, and outlays of each off-budget Federal entity for a fiscal year shall be included in total budget authority, total budget outlays, and total revenues and the amounts of budget authority and outlays set forth for each major functional category, for such fiscal year. Amounts paid by the Federal Financing Bank for the purchase of loans made or guaranteed by a department, agency, or instrumentality of the Government of the United States shall be treated as outlays of such department, agency, or instrumentality.

(7) The term "maximum deficit amount" means—

"(A) with respect to the fiscal year beginning October 1, 1985, $171,900,000,000;

"(B) with respect to the fiscal year beginning October 1, 1986, $144,000,000,000;

"(C) with respect to the fiscal year beginning October 1, 1987, $108,000,000,000;

"(D) with respect to the fiscal year beginning October 1, 1988, $72,000,000,000;

"(E) with respect to the fiscal year beginning October 1, 1989, $36,000,000,000;

"(F) with respect to the fiscal year beginning October 1, 1990, zero." [7]

(8) The term "off-budget Federal entity" means any entity (other than a privately owned Government-sponsored entity)—

"(A) which is established by Federal law, and

"(B) the receipts and disbursements of which are required by law to be excluded from the totals of—

"(i) the budget of the United States Government submitted by the President pursuant to section 1105 of title 31, United States Code, or

"(ii) the budget adopted by the Congress pursuant to title III of this Act."

(9) The term "entitlement authority" means spending authority described by section 401(c)(2)(C).

---

[6] The second sentence of section 3(6) expires on September 30, 1991; P.L. 99-177, section 275(b)(2)(A).

[7] Section 3(7) expires on September 30, 1991; P.L. 99-177, section 275(b)(2)(A).

BEST COPY AVAILABLE

(10) The term "credit authority" means authority to incur direct loan obligations or to incur primary loan guarantee commitments.

(b) JOINT COMMITTEE ON ATOMIC ENERGY.—For purposes of titles II, III, and IV of this Act, the Members of the House of Representatives who are members of the Joint Committee on Atomic Energy shall be treated as a standing committee of the House, and the Members of the Senate who are members of the Joint Committee shall be treated as a standing committee of the Senate.[8]

TITLE I—ESTABLISHMENT OF HOUSE AND SENATE BUDGET COMMITTEES

BUDGET COMMITTEE OF THE HOUSE OF REPRESENTATIVES

SEC. 101. (a) Clause 1 of Rule X of the Rules of the House of Representatives is amended by redesignating paragraphs (e) through (u) as paragraphs (f) through (v), respectively, and by inserting after paragraph (d) the following new paragraph:[9]

"(e) The Committee on the Budget, to consist of twenty-three Members as follows:

"(1) five Members who are members of the Committee on Appropriations;

"(2) five Members who are members of the Committee on Ways and Means;

"(3) eleven Members who are members of other standing committees;

"(4) one Member from the leadership of the majority party; and

"(5) one Member from the leadership of the minority party.

No Member shall serve as a member of the Committee on the Budget during more than two Congresses in any period of five successive Congresses beginning after 1974 (disregarding for this purpose any service performed as a member of such committee for less than a full session in any Congress). All selections of Members to serve on the committee shall be made without regard to seniority."

---

[8] P.L. 95-110 repealed section 3(b) in the original Act which referred to the Joint Committee on Atomic Energy.

[9] Pursuant to changes in House rules, the Committee's membership was increased from 23 to 25 members in the 94th Congress and to 30 members in the 97th Congress. The membership was increased to 31 by unanimous consent in the 98th Congress. This clause was amended in the 99th Congress to remove any numerical limitations on the membership of the Committee on the Budget. Therefore, the provision in Rule X, Cl. 1 now reads as follows:

"(e)(1) Committee on the Budget, consisting of the following members:

"(A) Members who are members of other standing committees, including five Members who are members of the Committee on Appropriations, and five Members who are members of the Committee on Ways and Means.

"(B) one Member from the leadership of the majority party; and

"(C) one Member from the leadership of the minority party.

"No Member other than the representative from the leadership of the majority party and the representative from the leadership of the minority party shall serve as a member of the Committee on the Budget during more than three Congresses in any period of five successive Congresses beginning after 1974 (disregarding for this purpose any service performed as a member of such committee for less than a full session in any Congress), except that an incumbent chairman having served on the committee for three Congresses and having served as chairman of the committee for not more than one Congress shall be eligible for reelection to the committee as chairman for one additional Congress. All selections of Members to serve on the committee shall be made without regard to seniority."

BEST COPY AVAILABLE

(b) Rule X of the Rules of the House of Representatives is amended by adding at the end thereof the following new clause:

"6. For carrying out the purposes set forth in clause 5 of Rule XI, the Committee on the Budget or any subcommittee thereof is authorized to sit and act at such times and places within the United States, whether the House is in session, has recessed, or has adjourned, to hold such hearings, to require the attendance of such witnesses and the production of such books or papers or documents or vouchers by subpena or otherwise, and to take such testimony and records, as it deems necessary. Subpenas may be issued over the signature of the chairman of the committee or of any member of the committee designated by him; and may be served by any person designated by such chairman or member. The chairman of the committee, or any member thereof, may administer oaths to witnesses."

(c) Rule XI of the Rules of the House of Representatives is amended by redesignating clauses 5 through 33 as clauses 6 through 34, respectively, and by inserting after clause 4 the following new clause:

"5. Committee on the Budget:

"(a) All concurrent resolutions on the budget (as defined in section 3(a)(4) of the Congressional Budget Act of 1974) and other matters required to be referred to the committee under titles III and IV of that Act.

"(b) The committee shall have the duty—

"(1) to report the matters required to be reported by it under titles III and IV of the Congressional Budget Act of 1974;

"(2) to make continuing studies of the effect on budget outlays of relevant existing and proposed legislation and to report the results of such studies to the House on a recurring basis;

"(3) to request and evaluate continuing studies of tax expenditures, to devise methods of coordinating tax expenditures, policies, and programs with direct budget outlays, and to report the results of such studies to the House on a recurring basis; and

"(4) to review, on a continuing basis, the conduct by the Congressional Budget Office of its functions and duties."

BUDGET COMMITTEE OF THE SENATE

SEC. 102. (a) Paragraph 1 of rule XXV of the Standing Rules of the Senate is amended by adding at the end thereof the following new subparagraph:

"(r)(1) Committee on the Budget, to which committee shall be referred all concurrent resolutions on the budget (as defined in section 3(a)(4) of the Congressional Budget Act of 1974) and all other matters required to be referred to that committee under titles III and IV of that Act, and messages, petitions, memorials, and other matters relating thereto.

"(2) Such committee shall have the duty—

"(A) to report the matters required to be reported by it under titles III and IV of the Congressional Budget Act of 1974;

BEST COPY AVAILABLE

"(B) to make continuing studies of the effect on budget outlays of relevant existing and proposed legislation and to report the results of such studies to the Senate on a recurring basis;

"(C) to request and evaluate continuing studies of tax expenditures, to devise methods of coordinating tax expenditures, policies, and programs with direct budget outlays, and to report the results of such studies to the Senate on a recurring basis; and

"(D) to review, on a continuing basis, the conduct by the Congressional Budget Office of its functions and duties."

(b) The table contained in paragraph 2 of rule XXV of the Standing Rules of the Senate is amended by inserting after—

"Banking, Housing and Urban Affairs ..... 15"

the following:

"Budget ..... [10] 15"

[10] Pursuant to changes in Senate rules, the committee's membership was increased from 15 to 20 members in the 96th Congress and to 22 members in the 97th Congress.

(c) Paragraph 6 of rule XXV of the Standing Rules of the Senate is amended by adding at the end thereof the following new subparagraph:

"(h) For purposes of the first sentence of subparagraph (a), membership on the Committee on the Budget shall not be taken into account until that date occurring during the first session of the Ninety-fifth Congress, upon which the appointment of the majority and minority party members of the standing committees of the Senate is initially completed."

(d) Each meeting of the Committee on the Budget of the Senate, or any subcommittee thereof, including meetings to conduct hearings, shall be open to the public, except that a portion or portions of any such meeting may be closed to the public if the committee or subcommittee, as the case may be, determines by record vote of a majority of the members of the committee or subcommittee present that the matters to be discussed or the testimony to be taken at such portion or portions—

(1) will disclose matters necessary to be kept secret in the interests of national defense or the confidential conduct of the foreign relations of the United States;

(2) will relate solely to matters of committee staff personnel or internal staff management or procedures;

(3) will tend to charge an individual with crime or misconduct, to disgrace or injure the professional standing of an individual, or otherwise to expose an individual to public contempt or obloquy, or will represent a clearly unwarranted invasion of the privacy of an individual;

(4) will disclose the identity of any informer or law enforcement agent or will disclose any information relating to the investigation or prosecution of a criminal offense that is required to be kept secret in the interest of effective law enforcement; or

(5) will disclose information relating to the trade secrets or financial or commercial information pertaining specifically to a given person if—

BEST COPY AVAILABLE

(A) an Act of Congress requires the information to be kept confidential by Government officers and employees; or

(B) the information has been obtained by the Government on a confidential basis other than through an application by such person for a specific Government financial or other benefit, and is required to be kept secret in order to prevent undue injury to the competitive position of such person.

(e) Paragraph 7(b) of rule XXV of the Standing Rules of the Senate and section 133A(b) of the Legislative Reorganization Act of 1946 shall not apply to the Committee on the Budget of the Senate.

TITLE II—CONGRESSIONAL BUDGET OFFICE

ESTABLISHMENT OF OFFICE

SEC. 201. (a) IN GENERAL.—

(1) There is established an office of the Congress to be known as the Congressional Budget Office (hereinafter in this title referred to as the "Office"). The Office shall be headed by a Director; and there shall be a Deputy Director who shall perform such duties as may be assigned to him by the Director and, during the absence or incapacity of the Director or during a vacancy in that office, shall act as Director.

(2) The Director shall be appointed by the Speaker of the House of Representatives and the President pro tempore of the Senate after considering recommendations received from the Committees on the Budget of the House and the Senate, without regard to political affiliation and solely on the basis of his fitness to perform his duties. The Deputy Director shall be appointed by the Director.

(3) The term of office of the Director first appointed shall expire at noon on January 3, 1979, and the terms of Directors subsequently appointed shall expire at noon on January 31 of each fourth year thereafter. Any individual appointed as Director to fill a vacancy prior to the expiration of a term shall serve only for the unexpired portion of that term. An individual serving as Director at the expiration of a term may continue to serve until his successor is appointed. Any Deputy Director shall serve until the expiration of the term of office of the Director who appointed him (and until his successor is appointed), unless sooner removed by the Director.

(4) The Director may be removed by either House by resolution.

(5) The Director shall receive compensation at a per annum gross rate equal to the rate of basic pay, as in effect from time to time, for level III of the Executive Schedule in section 5314 of title 5, United States Code. The Deputy Director shall receive compensation at a per annum gross rate equal to the rate of basic pay, as so in effect, for level IV of the Executive Schedule in section 5315 of such title.

(b) PERSONNEL.—The Director shall appoint and fix the compensation of such personnel as may be necessary to carry out the

BEST COPY AVAILABLE

duties and functions of the Office. All personnel of the Office shall be appointed without regard to political affiliation and solely on the basis of their fitness to perform their duties. The Director may prescribe the duties and responsibilities of the personnel of the Office, and delegate to them authority to perform any of the duties, powers, and functions imposed on the Office or on the Director. For purposes of pay (other than pay of the Director and Deputy Director) and employment benefits, rights, and privileges, all personnel of the Office shall be treated as if they were employees of the House of Representatives.

(c) EXPERTS AND CONSULTANTS.—In carrying out the duties and functions of the Office, the Director may procure the temporary (not to exceed one year) or intermittent services of experts or consultants or organizations thereof by contract as independent contractors, or, in the case of individual experts or consultants, by employment at rates of pay not in excess of the daily equivalent of the highest rate of basic pay payable under the General Schedule of section 5332 of title 5, United States Code.

(d) RELATIONSHIP TO EXECUTIVE BRANCH.—The Director is authorized to secure information, data, estimates, and statistics directly from the various departments, agencies, and establishments of the executive branch of Government and the regulatory agencies and commissions of the Government. All such departments, agencies, establishments, and regulatory agencies and commissions shall furnish the Director any available material which he determines to be necessary in the performance of his duties and functions (other than material the disclosure of which would be a violation of law). The Director is also authorized, upon agreement with the head of any such department, agency, establishment, or regulatory agency or commission, to utilize its services, facilities, and personnel with or without reimbursement; and the head of each such department, agency, establishment, or regulatory agency or commission is authorized to provide the Office such services, facilities, and personnel.

(e) RELATIONSHIP TO OTHER AGENCIES OF CONGRESS.—In carrying out the duties and functions of the Office, and for the purpose of coordinating the operations of the Office with those of other congressional agencies with a view to utilizing most effectively the information, services, and capabilities of all such agencies in carrying out the various responsibilities assigned to each, the Director is authorized to obtain informaiton, data, estimates, and statistics developed by the General Accounting Office, the Library of Congress, and the Office of Technology Assessment, and (upon agreement with them) to utilize their services, facilities, and personnel with or without reimbursement. The Comptroller General, the Librarian of Congress, and the Technology Assessment Board are authorized to provide the Office with the information, data, estimates, and statistics, and the services, facilities, and personnel, referred to in the preceding sentence.

(f) APPROPRIATIONS.—There are authorized to be appropriated to the Office for each fiscal year such sums as may be necessary to enable it to carry out its duties and functions. Until sums are first appropriated pursuant to the preceding sentence, but for a period not exceeding 12 months following the effective date of this subsec-

BEST COPY AVAILABLE

tion, the expenses of the Office shall be paid from the contingent fund of the Senate, in accordance with the paragraph relating to the contingent fund of the Senate under the heading "UNDER LEGISLATIVE" in the Act of October 1, 1888 (28 Stat. 546; 2 U.S.C. 68), and upon vouchers approved by the Director.

DUTIES AND FUNCTIONS

SEC. 202. (a) ASSISTANCE TO BUDGET COMMITTEES.—It shall be the duty and function of the Office to provide to the Committees on the Budget of both Houses information which will assist such committees in the discharge of all matters within their jurisdictions, including (1) information with respect to the budget, appropriation bills, and other bills authorizing or providing budget authority or tax expenditures, (2) information with respect to revenues, receipts, estimated future revenues and receipts, and changing revenue conditions, and (3) such related information as such Committees may request.

(b) ASSISTANCE TO COMMITTEES ON APPROPRIATIONS, WAYS AND MEANS, AND FINANCE.—At the request of the Committee on Appropriations of either House, the Committee on Ways and Means of the House of Representatives, or the Committee on Finance of the Senate, the Office shall provide to such Committee any information which will assist it in the discharge of matters within its jurisdiction, including information described in clauses (1) and (2) of subsection (a) and such related information as the Committee may request.

(c) ASSISTANCE TO OTHER COMMITTEES AND MEMBERS.—

(1) At the request of any other committee of the House of Representatives or the Senate or any joint committee of the Congress, the Office shall provide to such committee or joint committee any information compiled in carrying out clauses (1) and (2) of subsection (a), and, to the extent practicable, such additional information related to the foregoing as may be requested.

(2) At the request of any Member of the House or Senate, the Office shall provide to such Member any information compiled in carrying out clauses (1) and (2) of subsection (a), and, to the extent available, such additional information related to the foregoing as may be requested.

(d) ASSIGNMENT OF OFFICE PERSONNEL TO COMMITTEES AND JOINT COMMITTEES.—At the request of the Committee on the Budget of either House, personnel of the Office shall be assigned, on a temporary basis, to assist such committee. At the request of any other committee of either House or any joint committee of the Congress, personnel of the Office may be assigned, on a temporary basis, to assist such committee or joint committee with respect to matters directly related to the applicable provisions of subsection (b) or (c).

(e) TRANSFER OF FUNCTIONS OF JOINT COMMITTEE ON REDUCTION OF FEDERAL EXPENDITURES.—

(1) The duties, functions, and personnel of the Joint Committee on Reduction of Federal Expenditures are transferred to the Office, and the Joint Committee is abolished.

BEST COPY AVAILABLE

(2) Section 601 of the Revenue Act of 1941 (55 Stat. 726) is repealed.

(f) REPORTS TO BUDGET COMMITTEES.—

(1) On or before February 15 [11] of each year, the Director shall submit to the Committees on the Budget of the House of Representatives and the Senate, a report for the fiscal year commencing on October 1 of that year, with respect to fiscal policy, including (A) alternative levels of total revenues, total new budget authority, and total outlays (including related surpluses and deficits), and (B) the levels of tax expenditures under existing law, taking into account projected economic factors and any changes in such levels based on proposals in the budget submitted by the President for such fiscal year. Such report shall also include a discussion of national budget priorities, including alternative ways of allocating budget authority and budget outlays for such fiscal year among major programs or functional categories, taking into account how such alternative allocations will meet major national needs and affect balanced growth and development of the United States.

(2) The Director shall from time to time submit to the Committees on the Budget of the House of Representatives and the Senate such further reports (including reports revising the report required by paragraph (1)) as may be necessary or appropriate to provide such Committees with information, data, and analyses for the performance of their duties and functions.

(3) On or before January 15 of each year, the Director, after consultation with the appropriate committees of the House of Representatives and Senate, shall submit to the Congress a report listing (A) all programs and activities funded during the fiscal year ending September 30 of that calendar year for which authorizations for appropriations have not been enacted for that fiscal year, and (B) all programs and activities for which authorizations for appropriations have been enacted for the fiscal year ending September 30 of that calendar year, but for which no authorizations for appropriations have been enacted for the fiscal year beginning October 1 of that calendar year.[12]

(g) USE OF COMPUTERS AND OTHER TECHNIQUES.—The Director may equip the Office with up-to-date computer capability (upon approval of the Committee on House Administration of the House of Representatives and the Committee on Rules and Administration of the Senate), obtain the services of experts and consultants in computer technology, and develop techniques for the evaluation of budgetary requirements.

(h) STUDIES.—The Director shall conduct continuing studies to enhance comparisons of budget outlays, credit authority, and tax expenditures.[13]

---

[11] P.L. 99-177, Section 221(a) changed the date of "April 1" to "February 15" to comport with the new budget process schedule.

[12] Section 202(f)(3) was added by P.L. 99-177, Section 221(b).

[13] Section 202(h) was added by P.L. 99-177, Section 221(c).

BEST COPY AVAILABLE

PUBLIC ACCESS TO BUDGET DATA

SEC. 203. (a) RIGHT TO COPY.—Except as provided in subsections (c) and (d), the Director shall make all information, data, estimates, and statistics obtained under sections 201(d) and 201(e) available for public copying during normal business hours, subject to reasonable rules and regulations, and shall to the extent practicable, at the request of any person, furnish a copy of any such information, data, estimates, or statistics upon payment by such person of the cost of making and furnishing such copy.

(b) INDEX.—The Director shall develop and maintain filing, coding, and indexing systems that identify the information, data, estimates, and statistics to which subsection (a) applies and shall make such systems available for public use during normal business hours.

(c) EXCEPTIONS.—Subsection (a) shall not apply to information, data, estimates, and statistics—

(1) which are specifically exempted from disclosure by law; or

(2) which the Director determines will disclose—

(A) matters necessary to be kept secret in the interests of national defense or the confidential conduct of the foreign relations of the United States;

(B) information relating to trade secrets or financial or commercial information pertaining specifically to a given person if the information has been obtained by the Government on a confidential basis, other than through an application by such person for a specific financial or other benefit, and is required to be kept secret in order to prevent undue injury to the competitive position of such person; or

(C) personnel or medical data or similar data the disclosure of which would constitute a clearly unwarranted invasion of personal privacy;

unless the portions containing such matters, information, or data have been excised.

(d) INFORMATION OBTAINED FOR COMMITTEES AND MEMBERS.—Subsection (a) shall apply to any information, data, estimates, and statistics obtained at the request of any committee, joint committee, or Member unless such committee, joint committee, or Member has instructed the Director not to make such information, data, estimates, or statistics available for public copying.

TITLE III—CONGRESSIONAL BUDGET PROCESS [14]

TIMETABLE

SEC. 300. The timetable with respect to the congressional budget process for any fiscal year is as follows:

On or before:	Action to be completed:
First Monday after January 3	President submits his budget.
February 15	Congressional Budget Office submits report to Budget Committees.

[14] The entirety of Title III was amended by P.L. 99-177, section 201(b).

BEST COPY AVAILABLE

On or before:	Action to be completed:
February 25	Committees submit views and estimates to Budget Committees.
April 1	Senate Budget Committee reports concurrent resolution on the budget.
April 15	Congress completes action on concurrent resolution on the budget.
May 15	Annual appropriation bills may be considered in the House.
June 10	House Appropriations Committee reports last annual appropriation bill.
June 15	Congress completes action on reconciliation legislation.
June 30	House completes action on annual appropriation bills.
October 1	Fiscal year begins.

ANNUAL ADOPTION OF CONCURRENT RESOLUTION ON THE BUDGET

SEC. 301. (a) CONTENT OF CONCURRENT RESOLUTION ON THE BUDGET.—On or before April 15 of each year, the Congress shall complete action on a concurrent resolution on the budget for the fiscal year beginning on October 1 of such year. The concurrent resolution shall set forth appropriate levels for the fiscal year beginning on October 1 of such year, and planning levels for each of the two ensuing fiscal years, for the following—

(1) totals of new budget authority, budget outlays, direct loan obligations, and primary loan guarantee commitments;

(2) total Federal revenues and the amount, if any, by which the aggregate level of Federal revenues should be increased or decreased by bills and resolutions to be reported by the appropriate committees;

(3) the surplus or deficit in the budget;

(4) new budget authority, budget outlays, direct loan obligations, and primary loan guarantee commitments for each major functional category, based on allocations of the total levels set forth pursuant to paragraph (1); and

(5) the public debt.

(b) ADDITIONAL MATTERS IN CONCURRENT RESOLUTION.—The concurrent resolution on the budget may—

(1) set forth, if required by subsection (f), the calendar year in which, in the opinion of the Congress, the goals for reducing unemployment set forth in section 4(b) of the Employment Act of 1946 should be achieved;

(2) include reconciliation directives described in section 310;

(3) require a procedure under which all or certain bills or resolutions providing new budget authority or new entitlement authority for such fiscal year shall not be enrolled until the Congress has completed action on any reconciliation bill or reconciliation resolution or both required by such concurrent resolution to be reported in accordance with section 310(b); and

(4) set forth such other matters, and require such other procedures, relating to the budget, as may be appropriate to carry out the purposes of this Act.

(c) CONSIDERATION OF PROCEDURES OR MATTERS WHICH HAVE THE EFFECT OF CHANGING ANY RULE OF THE HOUSE OF REPRESENTATIVES.—If the Committee on the Budget of the House of Represent-

BEST COPY AVAILABLE

atives reports any concurrent resolution on the budget which includes any procedure or matter which has the effect of changing any rule of the House of Representatives, such concurrent resolution shall then be referred to the Committee on Rules with instructions to report it within five calendar days (not counting any day on which the House is not in session). The Committee on Rules shall have jurisdiction to report any concurrent resolution referred to it under this paragraph with an amendment or amendments changing or striking out any such procedure or matter.

(d) VIEWS AND ESTIMATES OF OTHER COMMITTEES.—On or before February 25 of each year, each committee of the House of Representatives having legislative jurisdiction shall submit to the Committee on the Budget of the House and each committee of the Senate having legislative jurisdiction shall submit to the Committee on the Budget of the Senate its views and estimates (as determined by the committee making such submission) with respect to all matters set forth in subsections (a) and (b) which relate to matters within the jurisdiction or functions of such committee. The Joint Economic Committee shall submit to the Committee on the Budget of both Houses its recommendations as to the fiscal policy appropriate to the goals of the Employment Act of 1946. Any other committee of the House of Representatives or the Senate may submit to the Committee on the Budget of its House, and any joint committee of the Congress may submit to the Committee on the Budget of both Houses, its views and estimates with respect to all matters set forth in subsections (a) and (b) which relate to matters within its jurisdiction or functions.

(e) HEARINGS AND REPORT.—In developing the concurrent resolution on the budget referred to in subsection (a) for each fiscal year, the Committee on the Budget of each House shall hold hearings and shall receive testimony from Members of Congress and such appropriate representatives of Federal departments and agencies, the general public, and national organizations as the committee deems desirable. Each of the recommendations as to short-term and medium-term goals set forth in the report submitted by the members of the Joint Economic Committee under subsection (d) may be considered by the Committee on the Budget of each House as part of its consideration of such concurrent resolution, and its report may reflect its views thereon, including its views on how the estimates of revenues and levels of budget authority and outlays set forth in such concurrent resolution are designed to achieve any goals it is recommending. The report accompanying such concurrent resolution shall include, but not be limited to—

(1) a comparison of revenues estimated by the committee with those estimated in the budget submitted by the President;

(2) a comparison of the appropriate levels of total budget outlays and total new budget authority, total direct loan obligations, total primary loan guarantee commitments, as set forth in such concurrent resolution, with those estimated or requested in the budget submitted by the President;

(3) with respect to each major functional category, an estimate of budget outlays and an appropriate level of new budget authority for all proposed programs and for all existing programs (including renewals thereof), with the estimate and level

BEST COPY AVAILABLE

for existing programs being divided between permanent authority and funds provided in appropriation Acts, and with each such division being subdivided between controllable amounts and all other amounts;

(4) an allocation of the level of Federal revenues recommended in the concurrent resolution among the major sources of such revenues;

(5) the economic assumptions and objectives which underlie each of the matters set forth in such concurrent resolution and any alternative economic assumptions and objectives which the committee considered;

(6) projections (not limited to the following), for the period of five fiscal years beginning with such fiscal year, of the estimated levels of total budget outlays and total new budget authority, the estimated revenues to be received, and the estimated surplus or deficit, if any, for each fiscal year in such period, and the estimated levels of tax expenditures (the tax expenditures budget) by major functional categories;

(7) a statement of any significant changes in the proposed levels of Federal assistance to State and local governments;

(8) information, data, and comparisons indicating the manner in which, and the basis on which, the committee determined each of the matters set forth in the concurrent resolution; and

(9) allocations described in section 302(a).

(f) ACHIEVEMENT OF GOALS FOR REDUCING UNEMPLOYMENT.—

(1) If, pursuant to section 4(c) of the Employment Act of 1946, the President recommends in the Economic Report that the goals for reducing unemployment set forth in section 4(b) of such Act be achieved in a year after the close of the five-year period prescribed by such subsection, the concurrent resolution on the budget for the fiscal year beginning after the date on which such Economic Report is received by the Congress may set forth the year in which, in the opinion of the Congress, such goals can be achieved.

(2) After the Congress has expressed its opinion pursuant to paragraph (1) as to the year in which the goals for reducing unemployment set forth in section 4(b) of the Employment Act of 1946 can be achieved, if, pursuant to section 4(e) of such Act, the President recommends in the Economic Report that such goals be achieved in a year which is different from the year in which the Congress has expressed its opinion that such goals should be achieved, either in its action pursuant to paragraph (1) or in its most recent action pursuant to this paragraph, the concurrent resolution on the budget for the fiscal year beginning after the date on which such Economic Report is received by the Congress may set forth the year in which, in the opinion of the Congress, such goals can be achieved.

(3) It shall be in order to amend the provision of such resolution setting forth such year only if the amendment thereto also proposes to alter the estimates, amounts, and levels (as described in subsection (a)) set forth in such resolution in germane fashion in order to be consistent with the economic goals (as described in sections 3(a)(2) and 4(b) of the Employment Act

BEST COPY AVAILABLE

of 1946) which such amendment proposes can be achieved by the year specified in such amendment.

(g) COMMON ECONOMIC ASSUMPTIONS.—The joint explanatory statement accompanying a conference report on a concurrent resolution on the budget shall set forth the common economic assumptions upon which such joint statement and conference report are based, or upon which any amendment contained in the joint explanatory statement to be proposed by the conferees in the case of technical disagreement is based.

(h) BUDGET COMMITTEES CONSULTATION WITH COMMITTEES.—The Committee on the Budget of the House of Representatives shall consult with the committees of its House having legislative jurisdiction during the preparation, consideration, and enforcement of the concurrent resolution on the budget with respect to all matters which relate to the jurisdiction or functions of such committees.

(i) MAXIMUM DEFICIT AMOUNT MAY NOT BE EXCEEDED.[15]—

(1)(A) Except as provided in paragraph (2), it shall not be in order in either the House of Representatives or the Senate to consider any concurrent resolution on the budget for a fiscal year under this section, or to consider any amendment to such a concurrent resolution, or to consider a conference report on such a concurrent resolution, if the level of total budget outlays for such fiscal year that is set forth in such concurrent resolution or conference report exceeds the recommended level of Federal revenues set forth for that year by an amount that is greater than the maximum deficit amount for such fiscal year as determined under section 3(7), or if the adoption of such amendment would result in a level of total budget outlays for that fiscal year which exceeds the recommended level of Federal revenues for that fiscal year, by an amount that is greater than the maximum deficit amount for such fiscal year as determined under section 3(7).

(B) In the House of Representatives the point of order established under subparagraph (A) with respect to the consideration of a conference report or with respect to the consideration of a motion to concur, with or without an amendment or amendments, in a Senate amendment, the stage of disagreement having been reached, may be waived only by a vote of three-fifths of the Members present and voting, a quorum being present.

(2) Paragraph (1) of this subsection shall not apply if a declaration of war by the Congress is in effect.

COMMITTEE ALLOCATIONS

SEC. 302. (a) ALLOCATION OF TOTALS.—

(1) For the House of Representatives, the joint explanatory statement accompanying a conference report on a concurrent resolution on the budget shall include an estimated allocation, based upon such concurrent resolution as recommended in such conference report, of the appropriate levels of total

[15] Section 301(i) expires on September 30, 1991; P.L. 99-177, section 275(b)(2)(B). The point of order under this section may be waived or suspended in the Senate only by the affirmative vote of three-fifths of the Members, duly chosen and sworn; P.L. 99-177, section 271(b).

BEST COPY AVAILABLE

budget outlays, total new budget authority, total entitlement authority, and total credit authority among each committee of the House of Representatives which has jurisdiction over laws, bills and resolutions providing such new budget authority, such entitlement authority, or such credit authority. The allocation shall, for each committee, divide new budget authority, entitlement authority, and credit authority between amounts provided or required by law on the date of such conference report (mandatory or uncontrollable amounts), and amounts not so provided or required (discretionary or controllable amounts), and shall make the same division for estimated outlays that would result from such new budget authority.

(2) For the Senate, the joint explanatory statement accompanying a conference report on a concurrent resolution on the budget shall include an estimated allocation, based upon such concurrent resolution as recommended in such conference report, of the appropriate levels of total budget outlays, total new budget authority and new credit authority among each committee of the House of Representatives and the Senate which has jurisdiction over bills and resolutions providing such new budget authority.

(b) REPORTS BY COMMITTEES.—As soon as practicable after a concurrent resolution on the budget is agreed to—

(1) the Committee on Appropriations of each House shall, after consulting with the Committee on Appropriations of the other House, (A) subdivide among its subcommittees the allocation of budget outlays, new budget authority, and new credit authority allocated to it in the joint explanatory statement accompanying the conference report on such concurrent resolution, and (B) further subdivide the amount with respect to each such subcommittee between controllable amounts and all other amounts; and

(2) every other committee of the House and Senate to which an allocation was made in such joint explanatory statement shall, after consulting with the committee or committees of the other House to which all or part of its allocation was made, (A) subdivide such allocation among its subcommittees or among programs over which it has jurisdiction, and (B) further subdivide the amount with respect to each subcommittee or program between controllable amounts and all other amounts.

Each such committee shall promptly report to its House the subdivisions made by it pursuant to this subsection.

(c) POINT OF ORDER.[16]—It shall not be in order in the House of Representatives or the Senate to consider any bill or resolution, or amendment thereto, providing—

(1) new budget authority for a fiscal year;

(2) new spending authority as described in section 401(c)(2) for a fiscal year; or

(3) new credit authority for a fiscal year;

within the jurisdiction of any committee which has received an appropriate allocation of such authority pursuant to subsection (a) for

[16] Section 302(d) becomes effective April 15, 1986; P.L. 99-177, section 275(a)(2)(A).

BEST COPY AVAILABLE

such fiscal year, unless and until such committee makes the allocation or subdivisions required by subsection (b), in connection with the most recently agreed to concurrent resolution on the budget for such fiscal year.

(d) SUBSEQUENT CONCURRENT RESOLUTIONS.—In the case of a concurrent resolution on the budget referred to in section 304, the allocations under subsection (a) and the subdivisions under subsection (b) shall be required only to the extent necessary to take into account revisions made in the most recently agreed to concurrent resolution on the budget.

(e) ALTERATION OF ALLOCATIONS.—At any time after a committee reports the allocations required to be made under subsection (b), such committee may report to its House an alteration of such allocations. Any alteration of such allocations must be consistent with any actions already taken by its House on legislation within the committee's jurisdiction.

(f) LEGISLATION SUBJECT TO POINT OF ORDER.[17]—

(1) IN THE HOUSE OF REPRESENTATIVES.—After the Congress has completed action on a concurrent resolution on the budget for a fiscal year, it shall not be in order in the House of Representatives to consider any bill, resolution, or amendment providing new budget authority for such fiscal year, new entitlement authority effective during such fiscal year, or new credit authority for such fiscal year, or any conference report on any such bill or resolution, if—

(A) the enactment of such bill or resolution as reported;

(B) the adoption and enactment of such amendment; or

(C) the enactment of such bill or resolution in the form recommended in such conference report,

would cause the appropriate allocation made pursuant to subsection (b) for such fiscal year of new discretionary budget authority, new entitlement authority, or new credit authority to be exceeded.

(2) IN THE SENATE.—At any time after the Congress has completed action on the concurrent resolution on the budget required to be reported under section 301(a) for a fiscal year, it shall not be in order in the Senate to consider any bill or resolution (including a conference report thereon), or any amendment to a bill or resolution, that provides for budget outlays or new budget authority in excess of the appropriate allocation of such outlays or authority reported under subsection (b) in connection with the most recently agreed to concurrent resolution on the budget for such fiscal year.

(g) DETERMINATIONS BY BUDGET COMMITTEES.[18]—For purposes of this section, the levels of new budget authority, spending authority as described in section 401(c)(2), outlays, and new credit authority for a fiscal year shall be determined on the basis of estimates made by the Committee on the Budget of the House of Representatives or the Senate, as the case may be.

---

[17] Section 302(f) becomes effective April 15, 1986; P.L. 99-177, section 275(a)(2)(A). Until September 30, 1991 the point of order under this section may be waived or suspended in the Senate only by the affirmative vote of three-fifths of the Members, duly chosen and sworn; P.L. 99-177, section 271(b).

[18] Section 302(g) becomes effective April 15, 1986; P.L. 99-177, section 275(a)(2)(A).

BEST COPY AVAILABLE

CONCURRENT RESOLUTION ON THE BUDGET MUST BE ADOPTED BEFORE LEGISLATION PROVIDING NEW BUDGET AUTHORITY, NEW SPENDING AUTHORITY, NEW CREDIT AUTHORITY, OR CHANGES IN REVENUES OR THE PUBLIC DEBT LIMIT IS CONSIDERED

SEC. 303. (a) IN GENERAL.—It shall not be in order in either the House of Representatives or the Senate to consider any bill or resolution (or amendment thereto) as reported to the House or Senate which provides—

(1) new budget authority for a fiscal year;

(2) an increase or decrease in revenues to become effective during a fiscal year;

(3) an increase or decrease in the public debt limit to become effective during a fiscal year;

(4) new entitlement authority to become effective during a fiscal year; or

(5) new credit authority for a fiscal year,

until the concurrent resolution on the budget for such fiscal year has been agreed to pursuant to section 301.

(b) EXCEPTIONS.—Subsection (a) does not apply to any bill or resolution—

(1) providing new budget authority which first becomes available in a fiscal year following the fiscal year to which the concurrent resolution applies; or

(2) increasing or decreasing revenues which first become effective in a fiscal year following the fiscal year to which the concurrent resolution applies.

After May 15 of any calendar year, subsection (a) does not apply in the House of Representatives to any general appropriation bill, or amendment thereto, which provides new budget authority for the fiscal year beginning in such calendar year.

(c) WAIVER IN THE SENATE.—

(1) The committee of the Senate which reports any bill or resolution (or amendment thereto) to which subsection (a) applies may at or after the time it reports such bill or resolution (or amendment), report a resolution to the Senate (A) providing for the waiver of subsection (a) with respect to such bill or resolution (or amendment), and (B) stating the reasons why the waiver is necessary. The resolution shall then be referred to the Committee on the Budget of the Senate. That committee shall report the resolution to the Senate within 10 days after the resolution is referred to it (not counting any day on which the Senate is not in session) beginning with the day following the day on which it is so referred, accompanied by that committee's recommendations and reasons for such recommendations with respect to the resolution. If the committee does not report the resolution within such 10-day period, it shall automatically be discharged from further consideration of the resolution and the resolution shall be placed on the calendar.

(2) During the consideration of any such resolution, debate shall be limited to one hour, to be equally divided between, and controlled by, the majority leader and minority leader or their designees, and the time on any debatable motion or appeal shall be limited to twenty minutes, to be equally divided be-

BEST COPY AVAILABLE

tween, and controlled by, the mover and the manager of the resolution. In the event the manager of the resolution is in favor of any such motion or appeal, the time in opposition thereto shall be controlled by the minority leader or his designee. Such leaders, or either of them, may, from the time under their control on the passage of such resolution, allot additional time to any Senator during the consideration of any debatable motion or appeal. No amendment to the resolution is in order.

(3) If, after the Committee on the Budget has reported (or been discharged from further consideration of) the resolution, the Senate agrees to the resolution, then subsection (a) shall not apply with respect to the bill or resolution (or amendment thereto) to which the resolution so agreed to applies.

PERMISSIBLE REVISIONS OF CONCURRENT RESOLUTIONS ON THE BUDGET

SEC. 304. (a) IN GENERAL.—At any time after the concurrent resolution on the budget for a fiscal year has been agreed to pursuant to section 301, and before the end of such fiscal year, the two Houses may adopt a concurrent resolution on the budget which revises or reaffirms the concurrent resolution on the budget for such fiscal year most recently agreed to.

(b) MAXIMUM DEFICIT AMOUNT MAY NOT BE EXCEEDED.[19]—The provisions of section 301(i) shall apply with respect to concurrent resolutions on the budget under this section (and amendments thereto and conference reports thereon) in the same way they apply to concurrent resolutions on the budget under such section 301(i) (and amendments thereto and conference reports thereon).

PROVISIONS RELATING TO THE CONSIDERATION OF CONCURRENT RESOLUTIONS ON THE BUDGET

SEC. 305. (a) PROCEDURE IN HOUSE OF REPRESENTATIVES AFTER REPORT OF COMMITTEE; DEBATE.—

(1) When the Committee on the Budget of the House of Representatives has reported any concurrent resolution on the budget, it is in order at any time after the fifth day (excluding Saturdays, Sundays, and legal holidays) following the day on which the report upon such resolution by the Committee on the Budget has been available to Members of the House and, if applicable, after the first day (excluding Saturdays, Sundays, and legal holidays) following the day on which a report upon such resolution by the Committee on Rules pursuant to section 301(c) has been available to Members of the House (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the concurrent resolution. The motion is highly privileged and is not debatable. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

---

[19] Section 304(b) expires on September 30, 1991; P.L. 99-177, section 275(b)(2)(B). The point of order under this section may be waived or suspended in the Senate only by the affirmative vote of three-fifths of the Members, duly chosen and sworn; P.L. 99-177, section 271(b).

BEST COPY AVAILABLE

(2) General debate on any concurrent resolution on the budget in the House of Representatives shall be limited to not more than 10 hours, which shall be divided equally between the majority and minority parties, plus such additional hours of debate as are consumed pursuant to paragraph (3). A motion further to limit debate is not debatable. A motion to recommit the concurrent resolution is not in order, and it is not in order to move to reconsider the vote by which the concurrent resolution is agreed to or disagreed to.

(3) Following the presentation of opening statements on the concurrent resolution on the budget for a fiscal year by the chairman and ranking minority member of the Committee on the Budget of the House, there shall be a period of up to four hours for debate on economic goals and policies.

(4) Only if a concurrent resolution on the budget reported by the Committee on the Budget of the House sets forth the economic goals (as described in sections 3(a)(2) and 4(b) of the Full Employment Act of 1946) which the estimates, amounts, and levels (as described in section 301(a)) set forth in such resolution are designed to achieve, shall it be in order to offer to such resolution an amendment relating to such goals, and such amendment shall be in order only if it also proposes to alter such estimates, amounts, and levels in germane fashion in order to be consistent with the goals proposed in such amendment.

(5) Consideration of any concurrent resolution on the budget by the House of Representatives shall be in the Committee of the Whole, and the resolution shall be considered for amendment under the five-minute rule in accordance with the applicable provisions of rule XXIII of the Rules of the House of Representatives. After the Committee rises and reports the resolution back to the House, the previous question shall be considered as ordered on the resolution and any amendments thereto to final passage without intervening motion; except that it shall be in order at any time prior to final passage (notwithstanding any other rule or provision of law) to adopt an amendment (or a series of amendments) changing any figure or figures in the resolution as so reported to the extent necessary to achieve mathematical consistency.

(6) Debate in the House of Representatives on the conference report on any concurrent resolution on the budget shall be limited to not more than 5 hours, which shall be divided equally between the majority and minority parties. A motion further to limit debate is not debatable. A motion to recommit the conference report is not in order, and it is not in order to move to reconsider the vote by which the conference report is agreed to or disagreed to.

(7) Appeals from decisions of the Chair relating to the application of the Rules of the House of Representatives to the procedure relating to any concurrent resolution on the budget shall be decided without debate.

(b) PROCEDURE IN SENATE AFTER REPORT OF COMMITTEE; DEBATE; AMENDMENTS.—

BEST COPY AVAILABLE

(1) Debate in the Senate on any concurrent resolution on the budget, and all amendments thereto and debatable motions and appeals in connection therewith, shall be limited to not more than 50 hours, except that with respect to any concurrent resolution referred to in section 304(a) all such debate shall be limited to not more than 15 hours. The time shall be equally divided between, and controlled by, the majority leader and the minority leader or their designees.

(2) Debate in the Senate on any amendment to a concurrent resolution on the budget shall be limited to 2 hours, to be equally divided between, and controlled by, the mover and the manager of the concurrent resolution, and debate on any amendment to an amendment, debatable motion, or appeal shall be limited to 1 hour, to be equally divided between, and controlled by, the mover and the manager of the concurrent resolution, except that in the event the manager of the concurrent resolution is in favor of any such amendment, motion, or appeal, the time in opposition thereto shall be controlled by the minority leader or his designee. No amendment that is not germane to the provisions of such concurrent resolution shall be received. Such leaders, or either of them, may, from the time under their control on the passage of the concurrent resolution, allot additional time to any Senator during the consideration of any amendment, debatable motion, or appeal.

(3) Following the presentation of opening statements on the concurrent resolution on the budget for a fiscal year by the chairman and ranking minority member of the Committee on the Budget of the Senate, there shall be a period of up to four hours for debate on economic goals and policies.

(4) Subject to the other limitations of this Act, only if a concurrent resolution on the budget reported by the Committee on the Budget of the Senate sets forth the economic goals (as described in sections 3(a)(2) and 4(b) of the Employment Act of 1946) which the estimates, amounts, and levels (as described in section 301(a)) set forth in such resolution are designed to achieve, shall it be in order to offer to such resolution an amendment relating to such goals, and such amendment shall be in order only if it also proposes to alter such estimates, amounts, and levels in germane fashion in order to be consistent with the goals proposed in such amendment.

(5) A motion to further limit debate is not debatable. A motion to recommit (except a motion to recommit with instructions to report back within a specified number of days, not to exceed 3, not counting any day on which the Senate is not in session) is not in order. Debate on any such motion to recommit shall be limited to 1 hour, to be equally divided between, and controlled by, the mover and the manager of the concurrent resolution.

(6) Notwithstanding any other rule, an amendment or series of amendments to a concurrent resolution on the budget proposed in the Senate shall always be in order if such amendment or series of amendments proposes to change any figure or figures then contained in such concurrent resolution so as to

BEST COPY AVAILABLE

make such concurrent resolution mathematically consistent or so as to maintain such consistency.

(c) ACTION ON CONFERENCE REPORTS IN THE SENATE.—

(1) The conference report on any concurrent resolution on the budget shall be in order in the Senate at any time after the third day (excluding Saturdays, Sundays, and legal holidays) following the day on which such conference report is reported and is available to Members of the Senate. A motion to proceed to the consideration of the conference report may be made even though a previous motion to the same effect has been disagreed to.

(2) During the consideration in the Senate of the conference report on any concurrent resolution on the budget, debate shall be limited to 10 hours, to be equally divided between, and controlled by, the majority leader and minority leader or their designees. Debate on any debatable motion or appeal related to the conference report shall be limited to 1 hour, to be equally divided between, and controlled by, the mover and the manager of the conference report.

(3) Should the conference report be defeated, debate on any request for a new conference and the appointment of conferees shall be limited to 1 hour, to be equally divided between, and controlled by, the manager of the conference report and the minority leader or his designee, and should any motion be made to instruct the conferees before the conferees are named, debate on such motion shall be limited to one-half hour, to be equally divided between, and controlled by, the mover and the manager of the conference report. Debate on any amendment to any such instructions shall be limited to 20 minutes, to be equally divided between and controlled by the mover and the manager of the conference report. In all cases when the manager of the conference report is in favor of any motion, appeal, or amendment, the time in opposition shall be under the control of the minority leader or his designee.

(4) In any case in which there are amendments in disagreement, time on each amendment shall be limited to 30 minutes, to be equally divided between, and controlled by, the manager of the conference report and the minority leader or his designee. No amendment that is not germane to the provisions of such amendments shall be received.

(d) REQUIRED ACTION BY CONFERENCE COMMITTEE.—If at the end of 7 days (excluding Saturdays, Sundays, and legal holidays) after the conferees of both Houses have been appointed to a committee of conference on a concurrent resolution on the budget, the conferees are unable to reach agreement with respect to all matters in disagreement between the two Houses, then the conferees shall submit to their respective Houses, on the first day thereafter on which their House is in session—

(1) a conference report recommending those matters on which they have agreed and reporting in disagreement those matters on which they have not agreed; or

(2) a conference report in disagreement, if the matter in disagreement is an amendment which strikes out the entire text of the concurrent resolution and inserts a substitute text.

BEST COPY AVAILABLE

(e) CONCURRENT RESOLUTION MUST BE CONSISTENT IN THE SENATE.—It shall not be in order in the Senate to vote on the question of agreeing to—

(1) a concurrent resolution on the budget unless the figures then contained in such resolution are mathematically consistent; or

(2) a conference report on a concurrent resolution on the budget unless the figures contained in such resolution, as recommended in such conference report, are mathematically consistent.

LEGISLATION DEALING WITH CONGRESSIONAL BUDGET MUST BE HANDLED BY BUDGET COMMITTEES

SEC. 306. No bill or resolution, and no amendment to any bill or resolution, dealing with any matter which is within the jurisdiction of the Committee on the Budget of either House shall be considered in that House unless it is a bill or resolution which has been reported by the Committee on the Budget of that House (or from the consideration of which such committee has been discharged) or unless it is an amendment to such a bill or resolution.

HOUSE COMMITTEE ACTION ON ALL APPROPRIATION BILLS TO BE COMPLETED BY JUNE 10

SEC. 307. On or before June 10 of each year, the Committee on Appropriations of the House of Representatives shall report annual appropriation bills providing new budget authority under the jurisdiction of all of its subcommittees for the fiscal year which begins on October 1 of that year.

REPORTS, SUMMARIES, AND PROJECTIONS OF CONGRESSIONAL BUDGET ACTIONS

SEC. 308. (a) REPORTS ON LEGISLATION PROVIDING NEW BUDGET AUTHORITY, NEW SPENDING AUTHORITY, OR NEW CREDIT AUTHORITY, OR PROVIDING AN INCREASE OR DECREASE IN REVENUES OR TAX EXPENDITURES.—

(1) Whenever a committee of either House reports to its House a bill or resolution, or committee amendment thereto, providing new budget authority (other than continuing appropriations), new spending authority described in section 401(c)(2), or new credit authority, or providing an increase or decrease in revenues or tax expenditures for a fiscal year, the report accompanying that bill or resolution shall contain a statement, or the committee shall make available such a statement in the case of an approved committee amendment which is not reported to its House, prepared after consultation with the Director of the Congressional Budget Office—

(A) comparing the levels in such measure to the appropriate allocations in the reports submitted under section 302(b) for the most recently agreed to concurrent resolution on the budget for such fiscal year;

(B) including an identification of any new spending authority described in section 401(c)(2) which is contained in

BEST COPY AVAILABLE

such measure and a justification for the use of such financing method instead of annual appropriations;

(C) containing a projection by the Congressional Budget Office of how such measure will affect the levels of such budget authority, budget outlays, spending authority, revenues, tax expenditures, direct loan obligations, or primary loan guarantee commitments under existing law for such fiscal year and each of the four ensuing fiscal years, if timely submitted before such report is filed; and

(D) containing an estimate by the Congressional Budget Office of the level of new budget authority for assistance to State and local governments provided by such measure, if timely submitted before such report is filed

(2) Whenever a conference report is filed in either House and such conference report or any amendment reported in disagreement or any amendment contained in the joint statement of managers to be proposed by the conferees in the case of technical disagreement on such bill or resolution provides new budget authority (other than continuing appropriations), new spending authority described in section 401(c)(2), or new credit authority, or provides an increase or decrease in revenues for a fiscal year, the statement of managers accompanying such conference report shall contain the information described in paragraph (1), if available on a timely basis. If such information is not available when the conference report is filed, the committee shall make such information available to Members as soon as practicable prior to the consideration of such conference report.

(b) UP-TO-DATE TABULATIONS OF CONGRESSIONAL BUDGET ACTION.—

(1) The Director of the Congressional Budget Office shall issue to the committees of the House of Representatives and the Senate reports on at least a monthly basis detailing and tabulating the progress of congressional action on bills and resolutions providing new budget authority, new spending authority described in section 401(c)(2), or new credit authority, or providing an increase or decrease in revenues or tax expenditures for a fiscal year. Such reports shall include but are not limited to an up-to-date tabulation comparing the appropriate aggregate and functional levels (including outlays) included in the most recently adopted concurrent resolution on the budget with the levels provided in bills and resolutions reported by committees or adopted by either House or by the Congress, and with the levels provided by law for the fiscal year preceding such fiscal year.

(2) The Committee on the Budget of each House shall make available to Members of its House summary budget scorekeeping reports. Such reports—

(A) shall be made available on at least a monthly basis, but in any case frequently enough to provide Members of each House an accurate representation of the current status of congressional consideration of the budget.

(B) shall include, but are not limited to, summaries of tabulations provided under subsection (b)(1); and

BEST COPY AVAILABLE

(C) shall be based on information provided under subsection (b)(1) without substantive revision.

The chairman of the Committee on the Budget of the House of Representatives shall submit such reports to the Speaker.

(c) FIVE-YEAR PROJECTION OF CONGRESSIONAL BUDGET ACT.—As soon as practicable after the beginning of each fiscal year, the Director of the Congressional Budget Office shall issue a report projecting for the period of 5 fiscal years beginning with such fiscal year—

(1) total new budget authority and total budget outlays for each fiscal year in such period.

(2) revenues to be received and the major sources thereof, and the surplus or deficit, if any, for each fiscal year in such period;

(3) tax expenditures for each fiscal year in such period;

(4) entitlement authority for each fiscal year in such period; and

(5) credit authority for each fiscal year in such period;

HOUSE APPROVAL OF REGULAR APPROPRIATION BILLS

SEC. 309. It shall not be in order in the House of Representatives to consider any resolution providing for an adjournment period of more than three calendar days during the month of July until the House of Representatives has approved annual appropriation bills providing new budget authority under the jurisdiction of all the subcommittees of the Committee on Appropriations for the fiscal year beginning on October 1 of such year. For purposes of this section, the chairman of the Committee on Appropriations of the House of Representatives shall periodically advise the Speaker as to changes in jurisdiction among its various subcommittees.

RECONCILIATION

SEC. 310. (a) INCLUSION OF RECONCILIATION DIRECTIVES IN CONCURRENT RESOLUTIONS ON THE BUDGET.—A concurrent resolution on the budget for any fiscal year, to the extent necessary to effectuate the provisions and requirements of such resolution, shall—

(1) specify the total amount by which—

(A) new budget authority for such fiscal year;

(B) budget authority initially provided for prior fiscal years;

(C) new entitlement authority which is to become effective during such fiscal year; and

(D) credit authority for such fiscal year, contained in laws, bills, and resolutions within the jurisdiction of a committee is to be changed and direct that committee to determine and recommend changes to accomplish a change of such total amount;

(2) specify the total amount by which revenues are to be changed and direct that the committees having jurisdiction to determine and recommend changes in the revenue laws, bills, and resolutions to accomplish a change of such total amount;

BEST COPY AVAILABLE

(3) specify the amounts by which the statutory limit on the public debt is to be changed and direct the committee having jurisdiction to recommend such change; or

(4) specify and direct any combination of the matters described in paragraphs (1), (2), and (3).

(b) LEGISLATIVE PROCEDURE.—If a concurrent resolution containing directives to one or more committees to determine and recommend changes in laws, bills, or resolutions is agreed to in accordance with subsection (a), and—

(1) only one committee of the House or the Senate is directed to determine and recommend changes, that committee shall promptly make such determination and recommendations and report to its House reconciliation legislation containing such recommendations; or

(2) more than one committee of the House or the Senate is directed to determine and recommend changes, each such committee so directed shall promptly make such determination and recommendations and submit such recommendations to the Committee on the Budget of its House, which upon receiving all such recommendations, shall report to its House reconciliation legislation carrying out all such recommendations without any substantive revision.

For purposes of this subsection, a reconciliation resolution is a concurrent resolution directing the Clerk of the House of Representatives or the Secretary of the Senate, as the case may be, to make specified changes in bills and resolutions which have not been enrolled.

(c) COMPLIANCE WITH RECONCILIATION DIRECTIONS.[20]—Any committee of the House of Representatives or the Senate that is directed, pursuant to a concurrent resolution on the budget, to determine and recommend changes of the type described in paragraphs (1) and (2) of subsection (a) with respect to laws within its jurisdiction, shall be deemed to have complied with such directions—

(1) if—

(A) the amount of the changes of the type described in paragraph (1) of such subsection recommended by such committee do not exceed or fall below the amount of the changes such committee was directed by such concurrent resolution to recommend under that paragraph by more than 20 percent of the total of the amounts of the changes such committee was directed to make under paragraphs (1) and (2) of such subsection, and

(B) the amount of the changes of the type described in paragraph (2) of such subsection recommended by such committee do not exceed or fall below the amount of the changes such committee was directed by such concurrent resolution to recommend under that paragraph by more than 20 percent of the total of the amounts of the changes such committee was directed to make under paragraphs (1) and (2) of such subsection; and

[20] Section 310(c) becomes effective April 15, 1986; P.L. 99-177, section 275(a)(2)(A).

BEST COPY AVAILABLE

(2) if the total amount of the changes recommended by such committee is not less than the total of the amounts of the changes such committee was directed to make under paragraphs (1) and (2) of such subsection.

(d) LIMITATION ON AMENDMENTS TO RECONCILIATION BILLS AND RESOLUTIONS.[21]—

(1) It shall not be in order in the House of Representatives to consider any amendment to a reconciliation bill or reconciliation resolution if such amendment would have the effect of increasing any specific budget outlays above the level of such outlays provided in the bill or resolution (for the fiscal years covered by the reconciliation instructions set forth in the most recently agreed to concurrent resolution on the budget), or would have the effect of reducing any specific Federal revenues below the level of such revenues provided in the bill or resolution (for such fiscal years), unless such amendment makes at least an equivalent reduction in other specific budget outlays, an equivalent increase in other specific Federal revenues, or an equivalent combination thereof (for such fiscal years), except that a motion to strike a provision providing new budget authority or new entitlement authority may be in order.

(2) It shall not be in order in the Senate to consider any amendment to a reconciliation bill or reconciliation resolution if such amendment would have the effect of decreasing any specific budget outlay reductions below the level of such outlay reductions provided (for the fiscal years covered) in the reconciliation instructions which relate to such bill or resolution set forth in a resolution providing for reconciliation, or would have the effect of reducing Federal revenue increases below the level of such revenue increases provided (for such fiscal years) in such instructions relating to such bill or resolution, unless such amendment makes a reduction in other specific budget outlays, an increase in other specific Federal revenues, or a combination thereof (for such fiscal years) at least equivalent to any increase in outlays or decrease in revenues provided by such amendment, except that a motion to strike a provision shall always be in order.

(3) Paragraphs (1) and (2) shall not apply if a declaration of war by the Congress is in effect.

(4) For purposes of this section, the levels of budget outlays and Federal revenues for a fiscal year shall be determined on the basis of estimates made by the Committee on the Budget of the House of Representatives or of the Senate, as the case may be.

(5) The Committee on Rules of the House of Representatives may make in order amendments to achieve changes specified by reconciliation directives contained in a concurrent resolution on the budget if a committee or committees of the House fail to submit recommended changes to its Committee on the Budget pursuant to its instruction.

---

[21] Section 310(d) becomes effective April 15, 1986; P.L. 99-177, section 275(a)(2)(A).

BEST COPY AVAILABLE

(e) PROCEDURE IN THE SENATE.—

(1) Except as provided in paragraph (2), the provisions of section 305 for the consideration in the Senate of concurrent resolutions on the budget and conference reports thereon shall also apply to the consideration in the Senate of reconciliation bills reported under subsection (b) and conference reports thereon.

(2) Debate in the Senate on any reconciliation bill reported under subsection (b), and all amendments thereto and debatable motions and appeals in connection therewith, shall be limited to not more than 20 hours.

(f) COMPLETION OF RECONCILIATION PROCESS.[22]—

(1) IN GENERAL.—Congress shall complete action on any reconciliation bill or reconciliation resolution reported under subsection (b) not later than June 15 of each year.

(2) POINT OF ORDER IN THE HOUSE OF REPRESENTATIVES.—It shall not be in order in the House of Representatives to consider any resolution providing for an adjournment period of more than three calendar days during the month of July until the House of Representatives has completed action on the reconciliation legislation for the fiscal year beginning on October 1 of the calendar year to which the adjournment resolution pertains, if reconciliation legislation is required to be reported by the concurrent resolution on the budget for such fiscal year.

(g) LIMITATION ON CHANGES TO THE SOCIAL SECURITY ACT.—Notwithstanding any other provision of law, it shall not be in order in the Senate or the House of Representatives to consider any reconciliation bill or reconciliation resolution reported pursuant to a concurrent resolution on the budget agreed to under section 301 or 304, or a resolution pursuant to section 254(b) of the Balanced Budget and Emergency Deficit Control Act of 1985, or any amendment thereto or conference report thereon, that contains recommendations with respect to the old-age, survivors, and disability insurance program established under title II of the Social Security Act.

NEW BUDGET AUTHORITY, NEW SPENDING AUTHORITY, AND REVENUE LEGISLATION MUST BE WITHIN APPROPRIATE LEVELS

SEC. 311. (a) LEGISLATION SUBJECT TO POINT OF ORDER.—Except as provided by subsection (b), after the Congress has completed action on a concurrent resolution on the budget for a fiscal year, it shall not be in order in either the House of Representatives or the Senate to consider any bill, resolution, or amendment providing new budget authority for such fiscal year, providing new entitlement authority effective during such fiscal year, or reducing revenues for such fiscal year, or any conference report on any such bill or resolution, if—

(1) the enactment of such bill or resolution as reported;

(2) the adoption and enactment of such amendment; or

---

[22] Section 310(g) becomes effective April 15, 1986; P.L. 99-177, section 275(a)(2)(A). Until September 30, 1991, the point of order under this section may be waived or suspended in the Senate only by the affirmative vote of three-fifths of the Members, duly chosen and sworn; P.L. 99-177, section 271(b).

BEST COPY AVAILABLE

(3) the enactment of such bill or resolution in the form recommended in such conference report;

would cause the appropriate level of total new budget authority or total budget outlays set forth in the most recently agreed to concurrent resolution on the budget for such fiscal year to be exceeded, or would cause revenues to be less than the appropriate level of total revenues set forth in such concurrent resolution or, in the Senate, would otherwise result in a deficit for such fiscal year that exceeds the maximum deficit amount specified for such fiscal year in section 3(7) (except to the extent that paragraph (1) of section 301(i) or section 304(b), as the case may be, does not apply by reason of paragraph (2) of such subsection).[23]

(b) EXCEPTION IN THE HOUSE OF REPRESENTATIVES.—Subsection (a) shall not apply in the House of Representatives to any bill, resolution, or amendment which provides new budget authority or new entitlement authority effective during such fiscal year, or to any conference report on any such bill or resolution, if—

(1) the enactment of such bill or resolution as reported;

(2) the adoption and enactment of such amendment; or

(3) the enactment of such bill or resolution in the form recommended in such conference report,

would not cause the appropriate allocation of new discretionary budget authority or new entitlement authority made pursuant to section 302(a) for such fiscal year, for the committee within whose jurisdiction such bill, resolution, or amendment falls, to be exceeded.

(c) DETERMINATION OF BUDGET LEVELS.—For purposes of this section, the levels of new budget authority, budget outlays, new entitlement authority, and revenues for a fiscal year shall be determined on the basis of estimates made by the Committee on the Budget of the House of Representatives or of the Senate, as the case may be.

TITLE IV—ADDITIONAL PROVISIONS TO IMPROVE FISCAL PROCEDURES

BILLS PROVIDING NEW SPENDING AUTHORITY [24]

SEC. 401. (a) CONTROLS ON LEGISLATION PROVIDING SPENDING AUTHORITY.—It shall not be in order in either the House of Representatives or the Senate to consider any bill, resolution, or conference report, as reported to its House which provides new spending authority described in subsection (c)(2) (A) or (B) (or any amendment which provides such new spending authority), unless that bill, resolution, conference report, or amendment also provides that such new spending authority as described in subsection (c)(2) (A) or (B) is to be effective for any fiscal year only to such extent or in such amounts as are provided in appropriation Acts.

(b) LEGISLATION PROVIDING ENTITLEMENT AUTHORITY.—

---

[23] The portion of section 311(a) which begins with "or, in the Senate" and ends with "paragraph (2) of such subsection" expires on September 30, 1991; P.L. 99-177, section 275(b)(2). Until September 30, 1991, the point of order under this section may be waived or suspended in the Senate only by the affirmative vote of three-fifths of the Members, duly chosen and sworn; P.L. 99-177, section 271(b).

[24] The original section 401 was amended in its entirety by P.L. 99-177, section 211.

BEST COPY AVAILABLE

(1) It shall not be in order in either the House of Representatives or the Senate to consider any bill or resolution which provides new spending authority described in subsection (c)(2)(C) or any amendment which provides such new spending authority) which is to become effective before the first day of the fiscal year which begins during the calendar year in which such bill or resolution is reported.

(2) If any committee of the House of Representatives or the Senate reports any bill or resolution which provides new spending authority described in subsection (c)(2)(C) which is to become effective during a fiscal year and the amount of new budget authority which will be required for such fiscal year if such bill or resolution is enacted as so reported exceeds the appropriate allocation of new budget authority reported under section 302(b) in connection with the most recently agreed to concurrent resolution on the budget for such fiscal year, such bill or resolution shall then be referred to the Committee on Appropriations of that House with instructions to report it, with the committee's recommendations, within 15 calendar days (not counting any day on which that House is not in session) beginning with the day following the day on which it is so referred. If the Committee on Appropriations of either House fails to report a bill or resolution referred to it under this paragraph within such 15-day period, the committee shall automatically be discharged from further consideration of such bill or resolution and such bill or resolution shall be placed on the appropriate calendar.

(3) The Committee on Appropriations of each House shall have jurisdiction to report any bill or resolution referred to it under paragraph (2) with an amendment which limits the total amount of new spending authority provided in such bill or resolution.

(c) DEFINITIONS.—

(1) For purposes of this section, the term "new spending authority" means spending authority not provided by law on the effective date of this Act, including any increase in or addition to spending authority provided by law on such date.

(2) For purposes of paragraph (1), the term "spending authority" means authority (whether temporary or permanent)—

(A) to enter into contracts under which the United States is obligated to make outlays, the budget authority for which is not provided in advance by appropriation Acts;

(B) to incur indebtedness (other than indebtedness incurred under chapter 31 of title 31 of the United States Code) for the repayment of which the United States is liable, the budget authority for which is not provided in advance by appropriation Acts;

(C) to make payments (including loans and grants), the budget authority for which is not provided for in advance by appropriation Acts, to any person or government if, under the provisions of the law containing such authority, the United States is obligated to make such payments to

BEST COPY AVAILABLE

persons or governments who meet the requirements established by such law;

(D) to forego the collection by the United States of proprietary offsetting receipts, the budget authority for which is not provided in advance by appropriation Acts to offset such foregone receipts; and

(E) to make payments by the United States (including loans, grants, and payments from revolving funds) other than those covered by subparagraph (A), (B), (C), or (D), the budget authority for which is not provided in advance by appropriation Acts.

Such term does not include authority to insure or guarantee the repayment of indebtedness incurred by another person or government.

(d) EXCEPTIONS.—

(1) Subsections (a) and (b) shall not apply to new spending authority if the budget authority for outlays which will result from such new spending authority is derived—

(A) from a trust fund established by the Social Security Act (as in effect on the date of the enactment of this Act);

(B) from any other trust fund, 90 percent or more of the receipts of which consist or will consist of amounts (transferred from the general fund of the Treasury) equivalent to amounts of taxes (related to the purposes for which such outlays are or will be made) received in the Treasury under specified provisions of the Internal Revenue Code of 1954.

(2) Subsections (a) and (b) shall not apply to new spending authority which is an amendment to or extension of the State and Local Fiscal Assistance Act of 1972, or a continuation of the program of fiscal assistance to State and local governments provided by that Act, to the extent so provided in the bill or resolution providing such authority.

(3) Subsections (a) and (b) shall not apply to new spending authority to the extent that—

(A) the outlays resulting therefrom are made by an organization which is (i) a mixed-ownership Government corporation (as defined in section 201 of the Government Corporation Control Act), or (ii) a wholly owned Government corporation (as defined in section 101 of such Act) which is specifically exempted by law from compliance with any or all of the provisions of that Act, as of the date of enactment of the Balanced Budget and Emergency Deficit Control Act of 1985; or

(B) the outlays resulting therefrom consist exclusively of the proceeds of gifts or bequests made to the United States for a specific purpose.

BEST COPY AVAILABLE

LEGISLATION PROVIDING NEW CREDIT AUTHORITY [25]

SEC. 402. (a) CONTROLS ON LEGISLATION PROVIDING NEW CREDIT AUTHORITY.—It shall not be in order in either the House of Representatives or the Senate to consider any bill, resolution, or conference report, as reported to its House, or any amendment which provides new credit authority described in subsection (b)(1), unless that bill, resolution, conference report, or amendment also provides that such new credit authority is to be effective for any fiscal year only to such extent or in such amounts as are provided in appropriation Acts.

(b) DEFINITION.—For purposes of this Act, the term "new credit authority" means credit authority (as defined in section 3(10) of this Act) not provided by law on the effective date of this section, including any increase in or addition to credit authority provided by law on such date.

ANALYSIS BY CONGRESSIONAL BUDGET OFFICE [26]

SEC. 403. (a) The Director of the Congressional Budget Office shall, to the extent practicable, prepare for each bill or resolution of a public character reported by any committee of the House of Representatives or the Senate (except the Committee on Appropriations of each House), and submit to such committee—

(1) an estimate of the costs which would be incurred in carrying out such bill or resolution in the fiscal year in which it is to become effective and in each of the 4 fiscal years following such fiscal year, together with the basis for each such estimate;

(2) an estimate of the cost which would be incurred by State and local governments in carrying out or complying with any significant bill or resolution in the fiscal year in which it is to become effective and in each of the four fiscal years following such fiscal year, together with the basis for each such estimate;

(3) a comparison of the estimates of costs described in paragraphs (1) and (2), with any available estimates of costs made by such committee or by any Federal agency; and

(4) a description of each method for establishing a Federal financial commitment contained in such bill or resolution.

The estimates, comparison, and description so submitted shall be included in the report accompanying such bill or resolution if timely submitted to such committee before such report is filed.

(b) For purposes of subsection (a)(2), the term "local government" has the same meaning as in section 103 of the Intergovernmental Cooperation Act of 1968.

(c) For purposes of subsection (a)(2), the term "significant bill or resolution" is defined as any bill or resolution which in the judgment of the Director of the Congressional Budget Office is likely to result in an annual cost to State and local governments of

[25] Section 402, as set forth herein, becomes effective February 1, 1986, P.L. 99-177, section 275(a)(2)(B). The new section 402 replaces the original section 402 which set forth a point of order against consideration of authorizing legislation not reported on or before May 15 preceding the beginning of the fiscal year for which appropriations were authorized.

[26] P.L. 97-108 amended section 403 by adding sections 403(a)(20) 403(b) and 403(c). The amendments apply to all bills or resolutions reported by committees of the House or Senate after September 30, 1982. P.L. 99-177 amended section 403 by adding section 403(a)(4).

BEST COPY AVAILABLE

$200,000,000 or more, or is likely to have exceptional fiscal consequences for a geographic region or a particular level of government.

JURISDICTION OF APPROPRIATIONS COMMITTEES

SEC. 404. (a) AMENDMENT OF HOUSE RULES.—Clause 2 or rule XI of the Rules of the House of Representatives is amended by redesignating paragraph (b) as paragraph (e) and by inserting after paragraph (a) the following new paragraphs:

"(b) Rescission of appropriations contained in appropriation Acts (referred to in section 105 of title 1, United States Code).

"(c) The amount of new spending authority described in section 401(c)(2) (A) and (B) of the Congressional Budget Act of 1974 which is to be effective for a fiscal year.

"(d) New spending authority described in section 401(c)(2)(C) of the Congressional Budget Act of 1974 provided in bills and resolutions referred to the committee under section 401(b)(2) of that Act (but subject to the provisions of section 401(b)(3) of that Act."

(b) AMENDMENT OF SENATE RULES.—Subparagraph (c) of paragraph 1 of rule XXV of the Standing Rules of the Senate is amended to read as follows:

"(c) Committee on Appropriations, to which committee shall be referred all proposed legislation, messages, petitions, memorials, and other matters relating to the following subjects:

"1. Except as provided in subparagraph (r), appropriation of the revenue for the support of the Government.

"2. Rescission of appropriations contained in appropriation Acts (referred to in section 105 of title 1, United States Code).

"3. The amount of new spending authority described in section 401(c)(2) (A) and (B) of the Congressional Budget Act of 1974 provided in bills and resolutions referred to the committee under section 401(b)(2) of that Act (but subject to the provisions of section 401(b)(3) of that Act).

"4. New advance spending authority described in section 401(c)(2)(C) of the Congressional Budget Act of 1974 provided in bills and resolutions referred to the committee under section 401(b)(2) of that Act (but subject to the provisions of section 401(b)(3) of that Act)."

STUDY BY THE GENERAL ACCOUNTING OFFICE OF FORMS OF FEDERAL FINANCIAL COMMITMENT THAT ARE NOT REVIEWED ANNUALLY BY CONGRESS [27]

SEC. 405. The General Accounting Office shall study those provisions of law which provide spending authority as described by section 401(c)(2) and which provide permanent appropriations, and report to the Congress its recommendations for the appropriate form of financing for activities or programs financed by such provisions not later than eighteen months after the effective date of this section. Such report shall be revised from time to time.

---

[27] Section 405 was added by P.L. 99-177, section 214. Section 405 became effective on the date of enactment of P.L. 99-177 (Dec. 12, 1985).

BEST COPY AVAILABLE

OFF-BUDGET AGENCIES, PROGRAMS, AND ACTIVITIES [28]

SEC. 406. (a) Notwithstanding any other provision of law, budget authority, credit authority, and estimates of outlays and receipts for activities of the Federal budget which are off-budget immediately prior to the date of enactment of this section, not including activities of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, shall be included in a budget submitted pursuant to section 1105 of title 31, United States Code, and in a concurrent resolution on the budget reported pursuant to section 301 or section 304 of this Act and shall be considered, for purposes of this Act, budget authority, outlays, and spending authority in accordance with definitions set forth in this Act.

"(b) All receipts and disbursements of the Federal Financing Bank with respect to any obligations which are issued, sold, or guaranteed by a Federal agency shall be treated as a means of financing such agency for purposes of section 1105 of title 31, United States Code, and for purposes of this Act.

MEMBER USER GROUP [29]

Sec. 407. The Speaker of the House of Representatives, after consulting with the Minority Leader of the House, may appoint a Member User Group for the purpose of reviewing budgetary scorekeeping rules and practices of the House and advising the Speaker from time to time on the effect and impact of such rules and practices.

TITLE V—CHANGE OF FISCAL YEAR [30]

FISCAL YEAR TO BEGIN OCTOBER 1

SEC. 501. Section 237 of the Revised Statutes (31 U.S.C. 1020) is amended to read as follows:

"SEC. 237. (a) The fiscal year of the Treasury of the United States, in all matters of accounts, receipts, expenditures, estimates, and appropriations—

"(1) shall, through June 30, 1976, commence on July 1 of each year and end on June 30 of the following year; and

"(2) shall, beginning on October 1, 1976, commence on October 1 of each year and end on September 30 of the following year.

"(b) All accounts of receipts and expenditures, required by law to be published annually shall be prepared and published for each fiscal year as established by subsection (a)."

TRANSITION TO NEW FISCAL YEAR

SEC. 502. (a) As soon as practicable, the President shall prepare and submit to the Congress—

---

[28] Section 406 was added by P.L. 99-177; section 214.

[29] Section 407 was added by P.L. 99-177; section 214.

[30] P.L. 97-258 repealed sections 501-504 in the original Act which referred to changing the fiscal year from July through June to October through September. Section 501 of the Act was codified in title 31, United States Code, in section 1102. Section 503 of the Act was codified in title 31, United States Code, in section 1552.

BEST COPY AVAILABLE

(1) after consultation with the Committees on Appropriations of the House of Representatives and the Senate, budget estimates for the United States Government for the period commencing July 1, 1976, and ending on September 30, 1976, in such form and detail as he may determine; and

(2) proposed legislation he considers appropriate with respect to changes in law necessary to provide authorizations of appropriations for that period.

(b) The Director of the Office of Management and Budget shall provide by regulation, order, or otherwise for the orderly transition by all departments, agencies, and instrumentalities of the United States Government and the government of the District of Columbia from the use of the fiscal year in effect on the date of enactment of this Act to the use of the new fiscal year prescribed by section 237(a)(2) of the Revised Statutes. The Director shall prepare and submit to the Congress such additional proposed legislation as he considers necessary to accomplish this objective.

(c) The Director of the Office of Management and Budget and the Director of the Congressional Budget Office jointly shall conduct a study of the feasibility and advisability of submitting the Budget or portions thereof, and enacting new budget authority or portions thereof, for a fiscal year during the regular session of the Congress which begins in the year preceding the year in which such fiscal year begins. The Director of the Office of Management and Budget and the Director of the Congressional Budget Office each shall submit a report of the results of the study conducted by them, together with his own conclusions and recommendations, to the Congress not later than 2 years after the effective date of this subsection.

ACCOUNTING PROCEDURES

SEC. 503. (a) Subsection (a)(1) of the first section of the Act entitled "An Act to simplify accounting, facilitate the payment of obligations, and for other purposes", approved July 25, 1956, as amended (31 U.S.C. 701), is amended to read as follows:

"(1) The obligated balance shall be transferred, at the time specified in subsection (b)(1) of this section, to an appropriation account of the agency or subdivision thereof responsible for the liquidation of the obligation, in which account shall be merged the amounts so transferred from all appropriation accounts for the same general purposes; and".

(b) Subsection (b) of such section is amended to read as follows:

"(b)(1) Any obligated balance referred to in subsection (a)(1) of this section shall be transferred as follows:

"(A) for any fiscal year or years ending on or before June 30, 1976, on that June 30 which falls in the first month of June which occurs twenty-four months after the end of such fiscal year or years; and

"(B) for the period commencing on July 1, 1976, and ending on September 30, 1976, and for any fiscal year commencing on or after October 1, 1976, on September 30 of the second fiscal year following that period or the fiscal year or years, as the case may be, for which the appropriation is available for obligation.

BEST COPY AVAILABLE

"(2) The withdrawals required by subsection (a)(2) of this section shall be made—

"(A) for any fiscal year ending on or before June 30, 1976, not later than September 30 of the fiscal year immediately following the fiscal year in which the period of availability for obligation expires; and

"(B) for the period commencing on July 1, 1976, and ending on September 30, 1976, and for any fiscal year commencing on or after October 1, 1976, not later than November 15 following such period or fiscal year, as the case may be, in which the period of availability for obligation expires."

CONVERSION OF AUTHORIZATION OF APPROPRIATIONS

SEC. 504. Any law providing for an authorization of appropriation commencing on July 1 of a year shall, if that year is any year after 1975, be considered as meaning October 1 of that year. Any law providing for an authorization of appropriations ending on June 30 of a year shall, if that year is any year after 1976, be considered as meaning September 30 of that year. Any law providing for an authorization of appropriations for the fiscal year 1977 or any fiscal year thereafter shall be construed as referring to that fiscal year ending on September 30 of the calendar year having the same calendar year number as the fiscal year number.

REPEALS

SEC. 505. The following provisions of law are repealed:

(1) the ninth paragraph under the headings "Legislative Establishment", "Senate", of the Deficiency Appropriation Act, fiscal year 1934 (48 Stat. 1022; 2 U.S.C. 66); and

(2) the proviso to the second paragraph under the headings "House of Representatives", "Salaries, Mileage, and Expenses of Members", of the Legislative-Judiciary Appropriation Act, 1955 (68 Stat. 400; 2 U.S.C. 81).

TECHNICAL AMENDMENT

SEC. 506. (a) Section 105 of title 1, United States Code, is amended by striking out "June 30" and inserting in lieu thereof "September 30".

(b) The provisions of subsection (a) of this section shall be effective with respect to Acts making appropriations for the support of the Government for any fiscal year commencing on or after October 1, 1976.

BEST COPY AVAILABLE

TITLE VI—AMENDMENTS TO BUDGET AND ACCOUNTING ACT, 1921 [31]

MATTERS TO BE INCLUDED IN PRESIDENT'S BUDGET

SEC. 601. Section 201 of the Budget and Accounting Act, 1921 (31 U.S.C. 11), is amended by adding at the end thereof the following new subsections:

"(d) The Budget transmitted pursuant to subsection (a) for each fiscal year shall set forth separately the items enumerated in section 301(a)(1)–(5) of the Congressional Budget Act of 1974.

"(e) The Budget transmitted pursuant to subsection (a) for each fiscal year shall set forth the levels of tax expenditures under existing law for such fiscal year (the tax expenditure budget), taking into account projected economic factors, and any changes in such existing levels based on proposals contained in such Budget. For purposes of this subsection, the terms 'tax expenditures' and 'tax expenditures budget' have the meanings given to them by section 3(a)(3) of the Congressional Budget Act of 1974.

"(f) The Budget transmitted pursuant to subsection (a) for each fiscal year shall contain—

"(1) a comparison, for the last completed fiscal year, of the total amount of outlays estimated in the Budget transmitted pursuant to subsection (a) for each major program involving uncontrollable or relatively uncontrollable outlays and the total amount of outlays made under each such major program during such fiscal year;

"(2) a comparison, for the last completed fiscal year, of the total amount of revenues estimated in the Budget transmitted pursuant to subsection (a) and the total amount of revenues received during such year, and, with respect to each major revenue source, the amount of revenues estimated in the Budget transmitted pursuant to subsection (a) and the amount of revenues received during such year; and

"(3) an analysis and explanation of the difference between each amount set forth pursuant to paragraphs (1) and (2) as the amount of outlays or revenues estimated in the Budget submitted under subsection (a) for such fiscal year and the corresponding amount set forth as the amount of outlays made or revenues received during such fiscal year.

"(g) The President shall transmit to the Congress, on or before April 10 and July 15 of each year, a statement of all amendments to or revisions in the budget authority requested, the estimated outlays, and the estimated receipts for the ensuing fiscal year set forth in the Budget transmitted pursuant to subsection (a) (including any previous amendments or revisions proposed on behalf of the executive branch) that he deems necessary and appropriate based on the most current information available. Such statement shall contain the effect of such amendments and revisions on the summary data submitted under subsection (a) and shall include such supporting

[31] P.L. 97-258 repealed sections 601–605 and 607 in the original Act which referred to the contents of the President's budget submissions to Congress. Those sections were reenacted in P.L. 97-258 and codified in title 31, United States Code in sections 1105, 1106, and 1108–1110. P.L. 99-177, section 223, repealed section 606. See also new section 406.

BEST COPY AVAILABLE

detail as is practicable. The statement transmitted on or before July 15 of any year may be included in the supplemental summary required to be transmitted under subsection (b) during such year. The Budget transmitted to the Congress pursuant to subsection (a) for any fiscal year, or the supporting detail transmitted in connection therewith, shall include a statement of all such amendments and revisions with respect to the fiscal year in progress made before the date of transmission of such Budget.

"(h) The Budget transmitted pursuant to subsection (a) for each fiscal year shall include information with respect to estimates of appropriations for the next succeeding fiscal year for grants, contracts, or other payments under any program for which there is an authorization of appropriations for such succeeding fiscal year and such appropriations are authorized to be included in an appropriation Act for the fiscal year preceding the fiscal year in which the appropriation is to be available for obligation.

"(i) The Budget transmitted pursuant to subsection (a) for each fiscal year beginning with the fiscal year ending September 30, 1979, shall contain a presentation of budget authority, proposed budget authority, outlays, proposed outlays, and descriptive information in terms of—

"(1) a detailed structure of national needs which shall be used to reference all agency missions and programs;

"(2) agency missions; and

"(3) basic programs.

"To the extent practicable, each agency shall furnish information in support of its budget requests in accordance with its assigned missions in terms of Federal functions and subfunctions, including mission responsibilities of component organizations, and shall relate its programs to agency missions."

MIDYEAR REVIEW

SEC. 602. Section 201 of the Budget and Accounting Act, 1921 (31 U.S.C. 11), is amended by striking out "on or before June 1 of each year, beginning with 1972" and inserting in lieu thereof "on or before July 15 of each year."

FIVE-YEAR BUDGET PROJECTIONS

SEC. 603. Section 201(a) of the Budget and Accounting Act, 1921 (31 U.S.C. 11), is amended—

(1) by inserting after "ensuing fiscal year" in paragraph (5) "and projections for the four fiscal years immediately following the ensuing fiscal year";

(2) by striking out "such year" in paragraph (5) and inserting in lieu thereof "such years"; and

(3) by inserting after "ensuing fiscal year" in paragraph (6) "and projections for the four fiscal years immediately following the ensuing fiscal year."

BEST COPY AVAILABLE

ALLOWANCES FOR SUPPLEMENTAL BUDGET AUTHORITY AND UNCONTROLLABLE OUTLAYS

SEC. 604. Section 201(a) of the Budget and Accounting Act, 1921 (31 U.S.C. 11), is further amended—

(1) by striking out "and" at the end of paragraph (11);

(2) by striking out the period at the end of paragraph (12) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following new paragraph:

"(13) an allowance for additional estimated expenditures and proposed appropriations for the ensuing fiscal year, and an allowance for unanticipated uncontrollable expenditures for the ensuing fiscal year."

BUDGET DATA BASED ON CONTINUATION OF EXISTING LEVEL OF SERVICES

SEC. 605. (a) On or before November 10 of each year (beginning with 1975), the President shall submit to the Senate and the House of Representatives the estimated outlays and proposed budget authority which would be included in the Budget to be submitted pursuant to section 201 of the Budget and Accounting Act, 1921, for the ensuing fiscal year if all programs and activities were carried on during such ensuing fiscal year at the same level as the fiscal year in progress and without policy changes in such programs and activities. The estimated outlays and proposed budget authority submitted pursuant to this section shall be shown by function and subfunctions (in accordance with the classifications in the budget summary table entitled "Budget Authority and Outlays by Function and Agency"), by major programs within each such function, and by agency. Accompanying these estimates shall be the economic and programmatic assumptions underlying the estimated outlays and proposed budget authority, such as the rate of inflation, the rate of real economic growth, the unemployment rate, program caseloads, and pay increases.

(b) The Joint Economic Committee shall review the estimated outlays and proposed budget authority so submitted, and shall submit to the Committees on the Budget of both Houses an economic evaluation thereof on or before December 31 of each year.

STUDY OF OFF-BUDGET AGENCIES

SEC. 606. The Committees on the Budget of the House of Representatives and the Senate shall study on a continuing basis those provisions of law which exempt agencies of the Federal Government, or any of their activities or outlays, from inclusion in the Budget of the United States Government transmitted by the President under section 201 of the Budget and Accounting Act, 1921. Each committee shall, from time to time, report to its House its recommendations for terminating or modifying such provisions.

YEAR-AHEAD REQUESTS FOR AUTHORIZATION OF NEW BUDGET AUTHORITY

SEC. 607. Notwithstanding any other provision of law, any request for the enactment of legislation authorizing the enactment of new

BEST COPY AVAILABLE

budget authority to continue a program or activity for a fiscal year (beginning with the fiscal year commencing October 1, 1976) shall be submitted to the Congress not later than May 15 of the year preceding the year in which such fiscal year begins. In the case of a request for the enactment of legislation authorizing the enactment of new budget authority for a new program or activity which is to continue for more than one fiscal year, such request shall be submitted for at least the first 2 fiscal years.

TITLE VII—PROGRAM REVIEW AND EVALUATION

REVIEW AND EVALUATION BY STANDING COMMITTEES

SEC. 701. Section 136(a) of the Legislative Reorganization Act of 1946 (2 U.S.C. 190d) is amended by adding at the end thereof the following new sentences: "Such committees may carry out the required analysis, appraisal, and evaluation themselves, or by contract, or may require a Government agency to do so and furnish a report thereon to the Congress. Such committees may rely on such techniques as pilot testing, analysis of costs in comparison with benefits, or provision for evaluation after a defined period of time." [32]

REVIEW AND EVALUATION BY THE COMPTROLLER GENERAL

SEC. 702. (a) Section 204 of the Legislative Reorganization Act of 1970 (31 U.S.C. 1154) is amended to read as follows:

"REVIEW AND EVALUATION

"SEC. 204. (a) The Comptroller General shall review and evaluate the results of Government programs and activities carried on under existing law when ordered by either House of Congress, or upon his own initiative, or when requested by any committee of the House of Representatives or the Senate, or any joint committee of the two Houses, having jurisdiction over such programs and activities.

"(b) The Comptroller General, upon request of any committee of either House or any joint committee of the two Houses, shall—

"(1) assist such committee or joint committee in developing a statement of legislative objectives and goals and methods for assessing and reporting actual program performance in relation to such legislative objectives and goals. Such statements shall include, but are not limited to, recommendations as to methods of assessment, information to be reported, responsibility for reporting, frequency of reports, and feasibility of pilot testing; and

"(2) assist such committee or joint committee in analyzing and assessing program reviews or evaluation studies prepared by and for any Federal agency.

Upon request of any Member of either House, the Comptroller General shall furnish to such Member a copy of any statement or other material compiled in carrying out paragraphs (1) and (2) which has

[32] P.L. 97-258 repealed sections 702(a) and 702(b) in the original bill which referred to review and evaluation of Government activities by the Comptroller General. Section 702(a) was codified in title 31, United States Code in sections 702, 717, 719, and 731, and section 702(b) of the Act was executed in amending the table of contents of the Legislative Reorganization Act of 1970.

BEST COPY AVAILABLE

been released by the committee or joint committee for which it was compiled.

"(c) The Comptroller General shall develop and recommend to the Congress methods for review and evaluation of Government programs and activities carried on under existing law.

"(d) In carrying out his responsibilities under this section, the Comptroller General is authorized to establish an Office of Program Review and Evaluation within the General Accounting Office. The Comptroller General is authorized to employ not to exceed ten experts on a permanent, temporary, or intermittent basis and to obtain services as authorized by section 3109 of title 5, United States Code, but in either case at a rate (or the daily equivalent) for individuals not to exceed that prescribed, from time to time, for level V of the Executive Schedule under section 5316 of title 5, United States Code.

"(e) The Comptroller General shall include in his annual report to the Congress a review of his activities under this section, including his recommendations of methods for review and evaluation of Government programs and activities under subsection (c)."

(b) Item 204 in the table of contents of such Act is amended to read as follows:

"Sec. 204. Review and evaluation."

CONTINUING STUDY OF ADDITIONAL BUDGET REFORM PROPOSALS

SEC. 703. (a) The Committees on the Budget of the House of Representatives and the Senate shall study on a continuing basis proposals designed to improve and facilitate methods of congressional budgetmaking. The proposals to be studied shall include, but are not limited to, proposals for—

(1) improving the information base required for determining the effectiveness of new programs by such means as pilot testing, survey research, and other experimental and analytical techniques;

(2) improving analytical and systematic evaluation of the effectiveness of existing programs;

(3) establishing maximum and minimum time limitations for program authorization; and

(4) developing techniques of human resource accounting and other means of providing noneconomic as well as economic evaluation measures.

(b) The Committee on the Budget of each House shall, from time to time, report to its House the results of the study carried on by it under subsection (a), together with its recommendations.

(c) Nothing in this section shall preclude studies to improve the budgetary process by any other committee of the House of Representatives or the Senate or any joint committee of the Congress.

BEST COPY AVAILABLE

TITLE VIII—FISCAL AND BUDGETARY INFORMATION AND CONTROLS [33]

AMENDMENT TO LEGISLATIVE REORGANIZATION OF 1970

SEC. 801. (a) So much of title II of the Legislative Reorganization Act of 1970 (31 U.S.C. chapter 22) as precedes section 204 thereof is amended to read as follows:

"TITLE II—FISCAL AND BUDGETARY INFORMATION AND CONTROLS

"PART 1—FISCAL , BUDGETARY, AND PROGRAM-RELATED DATA AND INFORMATION

"FEDERAL FISCAL, BUDGETARY, AND PROGRAM-RELATED DATA AND INFORMATION SYSTEMS

"Sec. 201. The Secretary of the Treasury and the Director of the Office of Management and Budget, in cooperation with the Comptroller General of the United States, shall develop, establish, and maintain, for use by all Federal agencies, standardized data processing and information, systems for fiscal, budgetary, and program-related data and information. The development, establishment, and maintenance of such systems shall be carried out so as to meet the needs of the various branches of the Federal Government and, insofar as practicable, of governments of the State and local level.

"STANDARDIZATION OF TERMINOLOGY, DEFINITIONS, CLASSIFICATIONS, AND CODES FOR FISCAL, BUDGETARY, AND PROGRAM-RELATED DATA AND INFORMATION

"Sec. 202. (a) (1) The Comptroller General of the United States, in cooperation with the Secretary of the Treasury, the Director of the Office of Management and Budget, and the Director of the Congressional Budget Office, shall develop, establish, maintain, and publish standard terminology, definitions, classifications, and codes for Federal fiscal, budgetary, and program-related data and information. The authority contained in this section shall include, but not be limited to, data and information pertaining to Federal fiscal policy, revenues, receipts, expenditures, functions, programs, projects, and activities. Such standard terms, definitions, classifications, and codes shall be used by all Federal agencies in supplying to the Congress fiscal, budgetary, and program-related data and information.

"(2) The Comptroller General shall submit to the Congress, on or before June 30, 1975, a report containing the initial standard terminology, definitions, classifications, and codes referred to in paragraph (1), and shall recommend any legislation necessary to implement them. After June 30, 1975, the Comptroller General shall submit to the Congress additional reports as he may think advisable, including any recommendations for any legislation he may

[33] P.L. 97-258 repealed sections 801 and 802 of the original bill which referred to fiscal and budgetary information and controls in amendments to the Legislative Reorganization Act of 1970. Section 801(a) was codified in title 31, United States Code in sections 1112 and 1113. Section 802 was codified in title 31, United States Code in section 1104. Section 801(b) was executed in amending the table of contents of the Legislative Reorganization Act of 1970.

BEST COPY AVAILABLE

deem necessary to further the development, establishment, and maintenance, modification, and executive implementation of such standard terminology, definitions, classifications, and codes.

"(b) In carrying out this responsibility, the Comptroller General of the United States shall give particular consideration to the needs of the Committees on the Budget of the House and Senate, the Committees on Appropriations of the House and Senate, the Committee on Ways and Means of the House, the Committee on Finance of the Senate, and the Congressional Budget Office.

"(c) The Comptroller General of the United States shall conduct a continuing program to identify and specify the needs of the committees and Members of the Congress for fiscal, budgetary, and program-related information to support the objectives of this part.

"(d) The Comptroller General shall assist committees in developing their information needs, including such needs expressed in legislative requirements, and shall monitor the various recurring reporting requirements of the Congress and committees and make improvements in their reporting requirements to meet congressional information needs ascertained by the Comptroller General, to enhance their usefulness to the congressional users and to eliminate duplicative or unneeded reporting.

"(e) On or before September 1, 1974, and each year thereafter, the Comptroller General shall report to the Congress on needs identified and specified under subsection (c); the relationship of these needs to the existing reporting requirements; the extent to which the executive branch reporting presently meets the identified needs; the specification of changes to standard classifications needed to meet congressional needs; the activities, progress and results of his activities under subsection (d); and the progress that the executive branch had made during the past year.

"(f) On or before March 1, 1975, and each year thereafter, the Director of the Office of Management and Budget and the Secretary of the Treasury shall report to the Congress on their plans for addressing the needs identified and specified under subsection (c), including plans for implementing changes to classifications and codes to meet the information needs of the Congress as well as the status of prior year system and classification implementations.

"AVAILABILITY TO AND USE BY THE CONGRESS AND STATE AND LOCAL GOVERNMENTS OF FEDERAL FISCAL, BUDGETARY, AND PROGRAM-RELATED DATA AND INFORMATION

"SEC. 203. (a) Upon request of any committee of either House, of any joint committee of the two Houses, of the Comptroller General, or of the Director of the Congressional Budget Office, the Secretary of the Treasury, the Director of the Office of Management and Budget, and the heads of the various executive agencies shall—

"(1) furnish to such committee or joint committee, the Comptroller General, or the Director of the Congressional Budget Office information as to the location and nature of available fiscal, budgetary, and program-related data and information;

"(2) to the extent practicable, prepare summary tables of such data and information and any related information deemed nec-

BEST COPY AVAILABLE

essary by such committee or joint committee, the Comptroller General, or the Director of the Congressional Budget Office; and

"(3) furnish to such committee or joint committee, the Comptroller General, or the Director of the Congressional Budget Office any program evaluations conducted or commissioned by any executive agency.

"(b) The Comptroller General, in cooperation with the Director of the Congressional Budget Office, the Secretary of the Treasury, and the Director of the Office of Management and Budget, shall—

"(1) develop, establish, and maintain an up-to-date inventory and directory of sources and informaton systems containing fiscal, budgetary, and program-related data and information and a brief description of their content;

"(2) provide, upon request, assistance to committees, joint committees, and Members of Congress in securing Federal fiscal, budgetary, and program-related data and information from the sources identified in such inventory and directory; and

"(3) furnish, upon request, assistance to committees and joint committees of Congress and, to the extent practicable, to Members of Congress in appraising and analyzing fiscal, budgetary, and program-related data and information secured from the sources identified in such inventory and directory.

"(c) The Comptroller General and the Director of the Congressional Budget Office shall, to the extent they deem necessary, develop, establish, and maintain a central file or files of the data and information required to carry out the purposes of this title. Such file or files shall be established to meet recurring requirements of the Congress for fiscal, budgetary, and program-related data and information and shall include, but not be limited to, data and information pertaining to budget requests, congressional authorizations to obligate and spend, apportionment and reserve actions, and obligations and expenditures. Such file or files and their indexes shall be maintained in such a manner as to facilitate their use by the committees of both Houses, joint committees, and other congressional agencies through modern data processing and communications techniques.

"(d) The Director of the Office of Management and Budget, in cooperation with the Director of the Congressional Budget Office, the Comptroller General, and appropriate representatives of State and local governments, shall provide to the extent practicable, State and local governments such fiscal, budgetary, and program-related data and information as may be necessary for the accurate and timely determination by these governments of the impact of Federal assistance upon their budgets."

(b) The table of contents of the Legislative Reorganization Act of 1970 is amended by striking out—

"TITLE II—FISCAL CONTROLS

"PART 1—BUDGETARY AND FISCAL INFORMATION AND DATA

"Sec. 201. Budgetary and fiscal data processing system.
"Sec. 202. Budget standard classifications.
"Sec. 203. Availability to Congress of budgetary, fiscal, and related data."

and inserting in lieu thereof—

BEST COPY AVAILABLE

"TITLE II—FISCAL AND BUDGETARY INFORMATION AND CONTROLS

"PART I—FISCAL, BUDGETARY, AND PROGRAM-RELATED DATA AND INFORMATION

"Sec. 201. Federal fiscal, budgetary, and program-related data and information systems.

"Sec. 202. Standardization of terminology, definitions, classifications, and codes for fiscal, budgetary, and program-related data and information.

"Sec. 203. Availability to and use by the Congress and State and local governments of Federal fiscal, budgetary, and program-related data and information."

CHANGES IN FUNCTIONAL CATEGORIES

SEC. 802. Any change in the functional categories set forth in the Budget of the United States Government transmitted pursuant to section 201 of the Budget and Accounting Act, 1921, shall be made only in consultation with the Committees on Appropriations and the Budget of the House of Representatives and Senate.[34]

TITLE IX—MISCELLANEOUS PROVISIONS; EFFECTIVE DATES

AMENDMENTS TO RULES OF THE HOUSE

SEC. 901. (a) Rule XI of the Rules of the House of Representatives (as amended by section 101(c) of this Act) is amended by inserting immediately after clause 22 the following new clause:

"22A. The respective areas of legislative jurisdiction under this rule are modified by title I of the Congressional Budget Act of 1974."

(b) Paragraph (c) of clause 29 of Rule XI of the Rules of the House of Representatives (as redesignated by section 101(c) of this Act) is amended by inserting "the Committee on the Budget, immediately after "the Committee on Appropriations,".

(c) Subparagraph (5) of paragraph (a) of clause 30 of Rule XI of the Rules of the House of Representatives (as so redesignated) is amended by inserting "and the Committee on the Budget" immediately before the period at the end thereof.

(d) Subparagraph (4) of paragraph (b) of clause 30 of Rule XI of the Rules of the House of Representatives (as so redesignated) is amended by inserting "and the Committee on the Budget" immediately before the period at the end thereof.

(e) Paragraph (d) of clause 30 of Rule XI of the Rules of the House of Representatives (as so redesignated) is amended by striking out "the Committee on Appropriations may appoint" and inserting in lieu thereof "the Committee on Appropriations and the Committee on the Budget may each appoint".

(f) Clause 32 of Rule XI of the Rules of the House of Representatives (as so redesignated) is amended by inserting "the Committee on the Budget," immediately after "the Committee on Appropriations,".

(g) Paragraph (a) of clause 33 of Rule XI of the Rules of the House of Representatives (as so redesignated) is amended by insert-

[34] Section 1104(c) of title 31, United States Code, wherein section 802 was codified by P.L. 97-258 was amended by adding at the end thereof: "Committees of the House of Representatives and Senate shall receive prompt notification of all such changes."; P.L. 99-177, section 224.

BEST COPY AVAILABLE

ing "and the Committee on the Budget" immediately after "the Committee on Appropriations".

CONFORMING AMENDMENTS TO STANDING RULES OF THE SENATE

SEC. 902. Paragraph 1 of rule XXV of the Standing Rules of the Senate is amended—

(1) by striking out "Revenue" in subparagraph (h)1 and inserting in lieu thereof "Except as provided in the Congressional Budget Act of 1974, revenue";

(2) by striking out "The" in subparagraph (h)2 and inserting in lieu thereof "Except as provided in the Congressional Budget Act of 1974, the"; and

(3) by striking out "Budget" in subparagraph (j)(1)(A) and inserting in lieu thereof "Except as provided in the Congressional Budget Act of 1974, budget".

AMENDMENTS TO LEGISLATIVE REORGANIZATION ACT OF 1946

SEC. 903. (a) Section 134(c) of the Legislative Reorganization Act of 1946 (2 U.S.C. 190(b)) is amended by inserting "or the Committee on the Budget" after "Appropriations".

(b) Section 136(c) of such Act (2 U.S.C. 190d(c)) is amended by striking out "Committee on Appropriations of the Senate and the Committees on Appropriations," and inserting in lieu thereof "Committees on Appropriations and the Budget of the Senate and the Committees on Appropriations, the Budget,".

EXERCISE OF RULEMAKING POWERS

SEC. 904. (a) The provisions of this title (except section 905) and of titles I, III, and IV and the provisions of sections 606, 701, 703, and 1017 are enacted by the Congress—

(1) as an exercise of the rulemaking power of the House of Representatives and the Senate, respectively, and as such they shall be considered as part of the rules of each House, respectively, or of that House to which they specifically apply, and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

(2) with full recognition of the constitutional right of either House to change such rules (so far as relating to such House) at any time, in the same manner, and to the same extent as in the case of any other rule of such House.

(b) Any provision of title III or IV may be waived or suspended in the Senate by a majority vote of the Members voting, a quorum being present, or by the unanimous consent of the Senate.

(c) Sections 305(b)(2) and 306 of this Act may be waived or suspended in the Senate only by the affirmative vote of three-fifths of the Members, duly chosen and sworn.[35]

(d) Appeals in the Senate from the decisions of the Chair relating to any provisions of title III or IV or section 1017 shall, except as otherwise provided therein, be limited to 1 hour, to be equally di-

[35] Section 904(c) was added by P.L. 99-177, section 271(a). In the Senate, the same three-fifths vote requirement applies to waivers of sections 301(i), 302(f), 304(b), 310(d), 310(g) and 311(a) until September 30, 1991; P.L. 99-177, section 271(b).

BEST COPY AVAILABLE

vided between, and controlled by, the mover and the manager of the resolution, concurrent resolution, reconciliation bill, or rescission bill, as the case may be.

EFFECTIVE DATES

SEC. 905. (a) Except as provided in this section, the provisions of this Act shall take effect on the date of its enactment.

(b) Title II (except section 201(a)), section 403, and section 502(c) shall take effect on the day on which the first Director of the Congressional Budget Office is appointed under section 201(a).

(c) Except as provided in section 906, title III and section 402 shall apply with respect to the fiscal year beginning on October 1, 1976, and succeeding fiscal years, and section 401 shall take effect on the first day of the second regular session of the Ninety-fourth Congress.

(d) The amendments to the Budget and Accounting Act, 1921, made by sections 601, 603, and 604 shall apply with respect to the fiscal year beginning on July 1, 1975, and succeeding fiscal years, except that section 201(g) of such Act (as added by section 601) shall apply with respect to the fiscal year beginning on October 1, 1976, and succeeding fiscal years and section 201(i) of such Act (as added by section 601) shall apply with respect to the fiscal year beginning on October 1, 1976, and succeeding fiscal years. The amendment to such Act made by section 602 shall apply with respect to the fiscal year beginning on October 1, 1976, and succeeding fiscal years.

APPLICATION OF CONGRESSIONAL BUDGET PROCESS TO FISCAL YEAR 1976

SEC. 906. If the Committees on the Budget of the House of Representatives and the Senate both agree that it is feasible to report and act on a concurrent resolution on the budget referred to in section 301(a), or to apply any provision of title III or section 401 or 402, for the fiscal year beginning on July 1, 1975, and submit reports of such agreement to their respective Houses, then to the extent and in the manner specified in such reports, the provisions so specified and section 202(f) shall apply with respect to such fiscal year. If any provision so specified contains a date, such reports shall also specify a substitute date.

TITLE X—IMPOUNDMENT CONTROL

PART A—GENERAL PROVISIONS

DISCLAIMER

SEC. 1001. Nothing contained in this Act, or in any amendments made by this Act, shall be construed as—

(1) asserting or conceding the constitutional powers or limitations of either the Congress or the President;

(2) ratifying or approving any impoundment heretofore or hereafter executed or approved by the President or any other Federal officer or employee, except insofar as pursuant to statutory authorization then in effect;

BEST COPY AVAILABLE

(3) affecting in any way the claims or defenses of any party to litigation concerning any impoundment; or

(4) superseding any provision of law which requires the obligation of budget authority or the making of outlays thereunder.

AMENDMENT TO ANTIDEFICIENCY ACT [36]

SEC. 1002. Section 3679(c)(2) of the Revised Statutes, as amended (31 U.S.C. 665), is amended to read as follows:

"(2) In apportioning any appropriation, reserves may be established solely to provide for contingencies, or to effect savings whenever savings are made possible by or through changes in requirements or greater efficiency of operations. Whenever it is determined by an officer designated in subsection (d) of this section to make apportionments and reapportionments that any amount so reserved will not be required to carry out the full objectives and scope of the appropriation concerned, he shall recommend the rescission of such amount in the manner provided in the Budget and Accounting Act, 1921, for estimates of appropriations. Except as specifically provided by particular appropriations Acts or other laws, no reserves shall be established other than as authorized by this subsection. Reserves established pursuant to this subsection shall be reported to the Congress in accordance with the Impoundment Control Act of 1974."

REPEAL OF EXISTING IMPOUNDMENT REPORTING PROVISION [37]

SEC. 1003. Section 203 of the Budget and Accounting Procedures Act of 1950 is repealed.

PART B—CONGRESSIONAL CONSIDERATION OF PROPOSED RESCISSIONS, RESERVATIONS, AND DEFERRALS OF BUDGET AUTHORITY

DEFINITIONS

SEC. 1011. For purposes of this part—

(1) "deferral of budget authority" includes—

(A) withholding or delaying the obligations or expenditure of budget authority (whether by establishing reserves or otherwise) provided for projects or activities; or

(B) any other type of Executive action or inaction which effectively precludes the obligation or expenditure of budget authority, including authority to obligate by contract in advance of appropriations as specifically authorized by law;

(2) "Comptroller General" means the Comptroller General of the United States;

(3) "rescission bill" means a bill or joint resolution which only rescinds in whole or in part, budget authority proposed to be rescinded in a special message transmitted by the President under section 1012, and upon which the Congress completes

[36] P.L. 97-258 repealed section 1002 of the original bill which referred to reserves established in effecting rescissions under appropriations acts. Section 1002 was codified in title 31, United States Code section 1512.

[37] P.L. 97-258 repealed section 1003 of the original bill which was executed in repealing section 203 of the Budget and Accounting Procedures Act of 1950.

BEST COPY AVAILABLE

action before the end of the first period of 45 calendar days of continuous session of the Congress after the date on which the President's message is received by the Congress;

(4) "impoundment resolution" means a resolution of the House of Representatives or the Senate which only expresses its disapproval of a proposed deferral of budget authority set forth in a special message transmitted by the President under section 1013; and

(5) continuity of a session of the Congress shall be considered as broken only by an adjournment of the Congress sine die, and the days on which either House is not is session because of an adjournment of more than 3 days to a day certain shall be excluded in the computation of the 45-day period referred to in paragraph (3) of this section and in section 1012, and the 25-day periods referred to in sections 1016 and 1017(b)(1). If a special message is transmitted under section 1012 during any Congress and the last session of such Congress adjourns sine die before the expiration of 45 calendar days of continuous session (or a special message is so transmitted after the last session of the Congress adjourns sine die), the message shall be deemed to have been retransmitted on the first day of the succeeding Congress and the 45-day period referred to in paragraph (3) of this section and section 1012 (with respect to such message) shall commence on the day after such first day.

RESCISSION OF BUDGET AUTHORITY

SEC. 1012. (a) TRANSMITTAL OF SPECIAL MESSAGE.—Whenever the President determines that all or part of any budget authority will not be required to carry out the full objectives or scope of programs for which it is provided or that such budget authority should be rescinded for fiscal policy or other reasons (including the determination of authorized projects or activities for which budget authority has been provided), or whenever all or part of budget authority provided for only one fiscal year is to be reserved from obligation for such fiscal year, the President shall transmit to both Houses of Congress a special message specifying—

(1) the amount of budget authority which he proposes to be rescinded or which is to be so reserved;

(2) any account, department, or establishment of the Government to which such budget authority is available for obligation, and the specific project or governmental functions involved;

(3) the reasons why the budget authority should be rescinded or is to be so reserved;

(4) to the maximum extent practicable, the estimated fiscal, economic, and budgetary effect of the proposed rescission or of the reservation; and

(5) all facts, circumstances, and considerations relating to or bearing upon the proposed rescission or the reservation and the decision to effect the proposed rescission or the reservation, and to the maximum extent practicable, the estimated effect of the proposed rescission or the reservation upon the objects,

BEST COPY AVAILABLE

purposes, and programs for which the budget authority is provided.

(b) REQUIREMENT TO MAKE AVAILABLE FOR OBLIGATION.—Any amount of budget authority proposed to be rescinded or that is to be reserved as set forth in such special message shall be made available for obligation unless, within the prescribed 45-day period, the Congress has completed action on a rescission bill rescinding all or part of the amount proposed to be rescinded or that is to be reserved.

DISAPPROVAL OF PROPOSED DEFERRALS OF BUDGET AUTHORITY

SEC. 1013. (a) TRANSMITTAL OF SPECIAL MESSAGE.—Whenever the President, the Director of the Office of Management and Budget, the head of any department or agency of the United States, or any officer or employee of the United States proposes to defer any budget authority provided for a specific purpose or project, the President shall transmit to the House of Representatives and the Senate a special message specifying—

(1) the amount of the budget authority proposed to be deferred;

(2) any account, department, or establishment of the Government to which such budget authority is available for obligation, and the specific projects or governmental functions involved;

(3) the period of time during which the budget authority is proposed to be deferred;

(4) the reasons for the proposed deferral, including any legal authority invoked by him to justify the proposed deferral;

(5) to the maximum extent practicable, the estimated fiscal, economic, and budgetary effect of the proposed deferral; and

(6) all facts, circumstances, and considerations relating to or bearing upon the proposed deferral and the decision to effect the proposed deferral, including an analysis of such facts, circumstances, and considerations in terms of their application to any legal authority and specific elements of legal authority invoked by him to justify such proposed deferral, and to the maximum extent practicable, the estimated effect of the proposed deferral upon the objects, purposes, and programs for which the budget authority is provided.

A special message may include one or more proposed deferrals of budget authority. A deferral may not be proposed for any period of time extending beyond the end of the fiscal year in which the special message proposing the deferral is transmitted to the House and the Senate.

(b) REQUIREMENT TO MAKE AVAILABLE FOR OBLIGATION.—Any amount of budget authority proposed to be deferred, as set forth in a special message transmitted under subsection (a), shall be made available for obligation if either House of Congress passes an impoundment resolution disapproving such proposed deferral.

(c) EXCEPTION.—The provisions of this section do not apply to any budget authority proposed to be rescinded or that is to be reserved as set forth in a special message required to be transmitted under section 1012.

BEST COPY AVAILABLE

TRANSMISSION OF MESSAGES; PUBLICATION

SEC. 1014. (a) DELIVERY TO HOUSE AND SENATE.—Each special message transmitted under section 1012 or 1013 shall be transmitted to the House of Representatives and the Senate on the same day, and shall be delivered to the Clerk of the House of Representatives if the House is not in session, and to the Secretary of the Senate if the Senate is not in session. Each special message so transmitted shall be referred to the appropriate committee of the House of Representatives and the Senate. Each such message shall be printed as a document of each House.

(b) DELIVERY TO COMPTROLLER GENERAL—A copy of each special message transmitted under section 1012 or 1013 shall be transmitted to the Comptroller General on the same day it is transmitted to the House of Representatives and the Senate. In order to assist the Congress in the exercise of its functions under sections 1012 and 1013, the Comptroller General shall review each such message and inform the House of Representatives and the Senate as promptly as practicable with respect to—

(1) in the case of a special message transmitted under section 1012, the facts surrounding the proposed rescission or the reservation of budget authority (including the probable effects thereof); and

(2) in the case of a special message transmitted under section 1013, (A) the facts surrounding each proposed deferral of budget authority (including the probable effects thereof) and (B) whether or not (or to what extent), in his judgment, such proposed deferral is in accordance with existing statutory authority.

(c) TRANSPORTATION OF SUPPLEMENTARY MESSAGES.—If any information contained in a special message transmitted under section 1012 or 1013 is subsequently revised, the President shall transmit to both Houses of Congress and the Comptroller General a supplementary message stating and explaining such revision. Any such supplementary message shall be delivered, referred, and printed as provided in subsection (a). The Comptroller General shall promptly notify the House of Representatives and the Senate of any change in the information submitted by him under subsection (b) which may be necessitated by such revision.

(d) PRINTING IN FEDERAL REGISTER.—Any special message transmitted under section 1012 or 1013, and any supplementary message transmitted under subsection (c), shall be printed in the first issue of the Federal Register published after such transmittal.

(e) CUMULATIVE REPORTS OF PROPOSED RESCISSIONS, RESERVATIONS, AND DEFERRALS OF BUDGET AUTHORITY.—

(1) The President shall submit a report to the House of Representatives and the Senate, not later than the 10th day of each month during a fiscal year, listing all budget authority for that fiscal year with respect to which, as of the first day of such month—

(A) he has transmitted a special message under section 1012 with respect to a proposed rescission or a reservation; and

(B) he has transmitted a special message under section 1013 proposing a deferral.

BEST COPY AVAILABLE

Such report shall also contain, with respect to each such proposed rescission or deferral, or each such reservation, the information required to be submitted in the special message with respect thereto under section 1012 or 1013.

(2) Each report submitted under paragraph (1) shall be printed in the first issue of the Federal Register published after its submission.

REPORTS BY COMPTROLLER GENERAL

SEC. 1015. (a) FAILURE TO TRANSMIT SPECIAL MESSAGE.—If the Comptroller General finds that the President, the Director of the Office of Management and Budget, the head of any department or agency of the United States, or any other officer or employee of the United States—

(1) is to establish a reserve or proposes to defer budget authority with respect to which the President is required to transmit a special message under section 1012 or 1013; or

(2) has ordered, permitted, or approved the establishment of such a reserve or a deferral of budget authority;

and that the President has failed to transmit a special message with respect to such reserve or deferral, the Comptroller General shall make a report on such reserve or deferral and any available information concerning it to both Houses of Congress. The provisions of this part shall apply with respect to such reserve or deferral in the same manner and with the same effect as if such report of the Comptroller General were a special message transmitted by the President under section 1012 or 1013, and, for purposes of this part, such report shall be considered a special message transmitted under section 1012 or 1013.

(b) INCORRECT CLASSIFICATION OF SPECIAL MESSAGE.—If the President has transmitted a special message to both Houses of Congress in accordance with section 1012 or 1013, and the Comptroller General believes that the President so transmitted the special message in accordance with one of those sections when the special message should have been transmitted in accordance with the other of those sections, the Comptroller General shall make a report to both Houses of the Congress setting forth his reasons.

SUITS BY COMPTROLLER GENERAL

SEC. 1016. If, under section 1012(b) or 1013(b), budget authority is required to be made available for obligation and such budget authority is not made available for obligation, the Comptroller General is hereby expressly empowered, through attorneys of his own selection, to bring a civil action in the United States District Court for the District of Columbia to require such budget authority to be made available for obligation, and such court is hereby expressly empowered to enter in such civil action, against any department, agency, officer, or employee of the United States, any decree, judgment, or order, which may be necessary or appropriate to make such budget authority available for obligation. The courts shall give precedence to civil actions brought under this section, and to appeals and writs from decisions in such actions, over all other civil actions, appeals, and writs. No civil action shall be brought by

BEST COPY AVAILABLE

the Comptroller General under this section until the expiration of 25 calendar days of continuous session of the Congress following the date on which an explanatory statement by the Comptroller General of the circumstances giving rise to the action contemplated has been filed with the Speaker of the House of Representatives and the President of the Senate.

PROCEDURE IN HOUSE AND SENATE

SEC. 1017. (a) REFERRAL.—Any rescission bill introduced with respect to a special message or impoundment resolution introduced with respect to a proposed deferral of budget authority shall be referred to the appropriate committee of the House of Representatives or the Senate, as the case may be.

(b) DISCHARGE OF COMMITTEE.—

(1) If the committee to which a rescission bill or impoundment resolution has been referred has not reported it at the end of 25 calendar days of continuous session of the Congress after its introduction, it is in order to move either to discharge the committee from further consideration of the bill or resolution or to discharge the committee from further consideration of any other rescission bill with respect to the same special message or impoundment resolution with respect to the same proposed deferral, as the case may be, which has been referred to the committee.

(2) A motion to discharge may be made only by an individual favoring the bill or resolution, may be made only if supported by one-fifth of the Members of the House involved (a quorum being present), and is highly privileged in the House and privileged in the Senate (except that it may not be made after the committee has reported a bill or resolution with respect to the same special message or the same proposed deferral, as the case may be); and debate thereon shall be limited to not more than 1 hour, the time to be divided in the House equally between those favoring and those opposing the bill or resolution, and to be divided in the Senate equally between, and controlled by, the majority leader and the minority leader or their designees. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(c) FLOOR CONSIDERATION IN THE HOUSE.—

(1) When the committee of the House of Representatives has reported, or has been discharged from further consideration of a rescission bill or impoundment resolution, it shall at any time thereafter be in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the bill or resolution. The motion shall be highly privileged and not debatable. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(2) Debate on a rescission bill or impoundment resolution shall be limited to not more than 2 hours, which shall be divided equally between those favoring and those opposing the bill

BEST COPY AVAILABLE

or resolution. A motion further to limit debate shall not be debatable. In the case of an impoundment resolution, no amendment to, or motion to recommit, the resolution shall be in order. It shall not be in order to move to reconsider the vote by which a rescission bill or impoundment resolution is agreed to or disagreed to.

(3) Motions to postpone, made with respect to the consideration of a rescission bill or impoundment resolution, and motions to proceed to the consideration of other business, shall be decided without debate.

(4) All appeals from the decisions of the Chair relating to the application of the Rules of the House of Representatives to the procedure relating to any rescission bill or impoundment resolution shall be decided without debate.

(5) Except to the extent specifically provided in the preceding provisions of this subsection, consideration of any rescission bill or impoundment resolution and amendments thereto (or any conference report thereon) shall be governed by the Rules of the House of Representatives applicable to other bills and resolutions, amendments, and conference reports in similar circumstances.

(d) FLOOR CONSIDERATION IN THE SENATE.—

(1) Debate in the Senate on any rescission bill or impoundment resolution, and all amendments thereto (in the case of a rescission bill) and debatable motions and appeals in connection therewith, shall be limited to not more than 10 hours. The time shall be equally divided between, and controlled by, the majority leader and the minority leader or their designees.

(2) Debate in the Senate on any amendment to a rescission bill shall be limited to 2 hours, to be equally divided between, and controlled by, the mover and the manager of the bill. Debate on any amendment to an amendment, to such a bill, and debate on any debatable motion or appeal in connection with such a bill or an impoundment resolution shall be limited to 1 hour, to be equally divided between, and controlled by, the mover and the manager of the bill or resolution, except that in the event the manager of the bill or resolution is in favor in any such amendment, motion, or appeal, the time in opposition thereto, shall be controlled by the minority leader or his designee. No amendment that is not germane to the provisions of a rescission bill shall be received. Such leaders, or either of them, may, from the time under their control on the passage of a rescission bill or impoundment resolution, allot additional time to any Senator during the consideration of any amendment, debatable motion, or appeal.

(3) A motion to further limit debate is not debatable. In the case of a rescission bill, a motion to recommit (except a motion to recommit with instructions to report back within a specified number of days, not to exceed 3, not counting any day on which the Senate is not in session) is not in order. Debate on any such motion to recommit shall be limited to one hour, to be equally divided between, and controlled by, the mover and the manager of the concurrent resolution. In the case of an im-

BEST COPY AVAILABLE

poundment resolution, no amendment or motion to recommit is in order.

(4) The conference report on any rescission bill shall be in order in the Senate at any time after the third day (excluding Saturdays, Sundays, and legal holidays) following the day on which such a conference report is reported and is available to Members of the Senate. A motion to proceed to the consideration of the conference report may be made even though a previous motion to the same effect has been disagreed to.

(5) During the consideration in the Senate of the conference report on any rescission bill, debate shall be limited to 2 hours, to be equally divided between, and controlled by, the majority leader and minority leader or their designees. Debate on any debatable motion or appeal related to the conference report shall be limited to 30 minutes, to be equally divided between, and controlled by, the mover and the manager of the conference report.

(6) Should the conference report be defeated, debate on any request for a new conference and the appointment of conferees shall be limited to one hour, to be equally divided, between, and controlled by, the manager of the conference report and the minority leader or his designee, and should any motion be made to instruct the conferees before the conferees are named, debate on such motion shall be limited to 30 minutes, to be equally divided between, and controlled by, the mover and the manager of the conference report. Debate on any amendment to any such instructions shall be limited to 20 minutes, to be equally divided between, and controlled by the mover and the manager of the conference report. In all cases when the manager of the conference report is in favor of any motion, appeal, or amendment, the time in opposition shall be under the control of the minority leader or his designee.

(7) In any case in which there are amendments in disagreement, time on each amendment shall be limited to 30 minutes, to be equally divided between, and controlled by, the manager of the conference report and the minority leader or his designee. No amendment that is not germane to the provisions of such amendments shall be received.

Approved July 12, 1974.

LEGISLATIVE HISTORY

House Reports: No. 93-658 (Comm. on Rules) and No. 93-1101 (Comm. of Conference).

Senate Reports: No. 93-579 accompanying S. 1541 (Comm. on Government Operations) and No. 93-688 accompanying S. 1541 (Comm. on Rules and Administration) and No. 93-924 (Comm. of Conference).

Congressional Record: Vol. 119 (1973): Dec. 4, 5, considered and passed House, Vol. 120 (1974): Mar. 13, 19-21, S. 1541 considered in Senate. Mar. 22, considered and passed Senate, amended, in lieu of S. 1541. June 18, House agreed to conference report. June 21, Senate agreed to conference report.

Weekly Compilation of Presidential Documents: Vol. 10, No. 28 (1974): July 12, Presidential statement.

See also, House Reports: No. 98-1152, Part 1, accompanying H.R. 5247 (Comm. on Rules) and No. 99-433 accompanying H.J. Res. 372 (Comm. of Conference).

BEST COPY AVAILABLE

NOTE

Under the provisions of section 904 of the Budget Act, as amended, certain provisions of the Budget Act were enacted by Congress as an exercise of the rulemaking power of the House of Representatives and the Senate, respectively, and may have been superseded by rule changes since July 12, 1974. Any changes made through the first session of the 99th Congress are reflected in footnotes to the section.

BEST COPY AVAILABLE

ATTACHMENT "C"

A Summary: The Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99–177)

The following summary of the Balanced Budget and Emergency Deficit Control Act of 1985 was prepared by the staff of the Committee on the Budget. Some interpretations of the law may not necessarily reflect the views of all of the members of the Committee. It should be noted that certain provisions of the law are ambiguous and may be subject to different interpretations by the parties charged with implementing the law or the courts of the United States. In these areas the Committee staff consulted with many of those involved in the drafting of the legislation in order to reflect a consensus view of the law's application.

BEST COPY AVAILABLE

BLANK PAGE

I. How is Sequestration Triggered?

The Balanced Budget and Emergency Deficit Control Act of 1985 (referred to as the "Act") establishes maximum deficit amounts (MDA) for fiscal years 1986 through 1991 as follows:

Fiscal year:	Billion
1986	$171.9
1987	144.0
1988	108.0
1989	72.0
1990	36.0
1991	0

The Act requires the President to submit a budget which does not exceed the maximum deficit amount for the applicable fiscal year. Further, congressional budget resolutions must also be within the maximum deficit amount of the applicable fiscal year. (This prohibition is enforced by points of order in the House and Senate.)

If the deficit, estimated by CBO/OMB/GAO as described in Part II, exceeds the MDA by $10 billion ($0 in fiscal years 1986 and 1991) then a "sequestration" process is triggered for that fiscal year. It should be noted that (1) sequestration may only be triggered *once* per fiscal year and (2) any sequestration order issued remains in effect for that fiscal year only. The process must start all over again to determine whether a sequestration order would be issued in the next fiscal year.

The timetable for the sequestration process is as follows:

	Fiscal years 1987–1991	Fiscal year 1986
Initial Snapshot by CBO/OMB	Aug. 15	Jan. 10
Presidential Notification re: Military Personnel	NA	Jan. 10
Initial Joint CBO/OMB Sequestration Report	Aug. 20	Jan. 15
Initial GAO Sequestration Report	Aug. 25	Jan. 21
Initial Presidential Sequestration Order	Sept. 1	Feb. 1
Presidential Notification re: Defense Contracts	Sept. 5	Jan. 15
GAO Certifies Defense Contract Savings	Sept. 30	Feb. 15
Modifying Sequestration Order re: Defense Contracts	NA	(1)
Funds Deferred Pursuant to Order	Oct. 1	Feb. 1
Final CBO/OMB Snapshot	(2)	NA
Final Joint CBO/OMB Sequestration Report	Oct. 5	NA
Final GAO Sequestration Report	Oct. 10	NA
Final Presidential Sequestration Order	Oct. 15	NA
Funds Cancelled Pursuant to Order	Oct. 15	Mar. 1
GAO Compliance Report	Nov. 15	Apr. 1

[1] Before March.
[2] Before Oct. 5.

Note: NA means "not applicable."

BEST COPY AVAILABLE

On August 20,[1] the Directors of CBO and OMB issue a joint report to the Comptroller General (GAO) on the deficit for the coming fiscal year.

The report contains the following items for such fiscal year:

- The estimated levels of total outlays and total revenues, the amount of any excess deficit, and whether such excess is greater than $10 billion (zero in fiscal years 1986 and 1991);
- The estimated rate of real economic growth (for each quarter of such year, and for each of the last two quarters of the preceding year), and whether negative real economic growth for two or more consecutive quarters is part of such estimate.
- If the deficit is $10 billion over the MDA ($0 in fiscal years 1986 and 1991), then the base for which reductions (sequestrations) are to be made; by account for nondefense programs, and by account and by program, project, and activity (PPA) within each account for defense, and the amounts and percentages by which such accounts and PPAs must be reduced during such fiscal year to eliminate the excess.
- The amount of automatic spending increases (COLAs) which are scheduled to take effect in programs with such increases, the amount and percentage by which such increases are to be reduced, the amount of deficit excess eliminated by such reductions, and the percentage (if any) of such increases after the reductions.
- The amount of savings achieved in programs with special rules (see Part II).

Upon receiving the OMB/CBO report, the Comptroller General (GAO) shall review it and make his own determination of the deficit level and all the other sequestration calculations, with due regard for the OMB/CBO report. The Comptroller General shall issue a report to the President and Congress which sets forth the same items as in the OMB/CBO report.

The Comptroller General must also explain any differences between the contents of his report and the report of OMB/CBO.

On September 1, the President must issue any required sequestration order based upon the August GAO report.[2] This is called the "initial" order. It must eliminate the full amount of the excess deficit in strict accordance with the requirements of the Act, e.g., special rules, exempted programs, 50/50 defense/nondefense split. (See Part II for explanation of the calculation.)

The Act requires that the President's order provide for reductions as set forth in the GAO report, incorporate the provisions of such report and be consistent with such report.

Additionally, the President must transmit to Congress a message containing the same information as required in the CBO/OMB report, and specifying within each defense and non-defense account, for each program, project, or activity, or budget account activity, the base from which such sequestration is made and the amounts which are to be sequestered. The President may also submit such other supporting details as he deems appropriate. This

[1] January 15, 1986, for fiscal year 1986
[2] February 1, 1986 for fiscal year 1986.

BEST COPY AVAILABLE

message is referred to all committees with jurisdiction over programs, projects, and activities affected by the order.

The President may also submit to Congress alternatives to the sequestration order. Their form is not defined and procedures for their consideration by Congress are not specified. It is assumed that the appropriate committees of jurisdiction would review any alternatives submitted.

A second snapshot of the deficit is made by OMB/CBO before they issue a revised report on October 5.[3] This revised report is reviewed by GAO which then issues its final report to the President on October 10. On October 15, the President must issue his final order modifying the initial order, as necessary, to reflect the revised GAO report.

Accordingly, if legislation is enacted which prevents the MDA level from being exceeded before the first snapshot of the deficit by OMB/CBO the sequestration process stops at that point.

The question arises as to how Congress can modify or totally avoid an initial sequestration order issued by the President. Legislation enacted between the two snapshots of the deficit (August 15 and October 5) which eliminates or reduces the excess deficit amount, results in an order being modified to reflect such action. Legislation must pass both Houses, be signed by the President, and if necessary, a veto must be overridden. (If the deficit *increases*, the order is adjusted as well.) However, if legislation is enacted *after* the second snapshot is taken by CBO/OMB, the order is not automatically modified. After that point, legislation must contain provisions which *specifically* modify or supercede the pending order.

The Act specifies procedures for the Senate to follow in response to a sequestration order. Basically, the Senate Budget Committee may initiate a "mini reconciliation" process by directing committees to reduce spending, increase revenues, or any combination thereof, to achieve the maximum deficit amount. These procedures are necessary to enable the Senate to respond quickly to an order by limiting debate and amendments which would not be limited under normal Senate procedures. Since the House has the ability to take legislation through the Committee on Rules, which can limit debate and amendments, there are no specific House procedures for responding to an order.

II. Sequestration

SNAPSHOT, BUDGET BASE, EXEMPTIONS, CALCULATIONS, BUDGETARY RESOURCES, IMPLEMENTATION, AND DEFENSE FLEXIBILITY

"Sequestration" is the automatic formula reduction of "budgetary resources" required by the Act. It occurs, once each fiscal year, if and only if the Directors of CBO and OMB project that the MDA will be exceeded by more than a specified cushion. The cushion is zero in fiscal 1986 and 1991, and $10 billion in fiscal 1987–1990.

The premise of the Act is that sequestration is a last resort; sequestration is not intended to be the preferred way to cut the deficit. Rather, the possibility of sequestration is intended to provide

[3] No procedure for a second look is applicable for fiscal year 1986.

BEST COPY AVAILABLE

the President and Congress with a further incentive to achieve deficit reduction through the regular budget process.

A. The Snapshot

Twice each fiscal year, in August and October, the Directors of CBO and OMB take a "snapshot" of (1) spending and tax laws, and (2) economic, demographic, and other estimating factors. Together, Federal laws and estimating factors are used to project total outlays, revenues, and deficit—the budget base.

The August snapshot is preliminary. Although the Directors make resulting budget and sequestration calculations (as do GAO and the President), spending is not canceled as a result of that snapshot; spending is merely deferred until the results of the October snapshot are official. Thus the August snapshot and calculations are primarily a warning. If the calculations show an excess deficit, Congress and the President may be spurred to move quickly on deficit-reduction bills. The Senate may choose to use the special procedures described in Part I.

The budget picture is frozen on the date of the final snapshot. The Directors do not account for any legislation enacted after the snapshot; they do not consider any new economic or demographic data obtained after the snapshot.

For fiscal 1986 there was only one snapshot, on January 10. There will be no further snapshots and calculations for fiscal 1986.

For fiscal 1987–1991, the final snapshot date occurs just before October 5 (i.e., just a few days after the start of the fiscal year).

B. The Budget Base

The Directors calculate the budget base by using the Federal laws and estimating factors that were frozen in place on the snapshot date. The calculations employ the following rules:

1. Only enacted law is considered. The Directors do not attempt to anticipate the outcome of legislation still working its way through Congress. Enacted entitlement law, including any required COLA, is projected at the full estimated cost.

2. The Directors assume the expiration of tax laws and direct spending laws (such as entitlements) that are scheduled to expire during the fiscal year in question.[4]

3. If a 12-month appropriation for a discretionary program has not been enacted, the Directors must use the dollar amount provided for the program in the prior fiscal year. Although a full-year continuing appropriation is counted, a temporary continuing appropriation is not considered for the purpose of the budget base.

The Act does not elaborate on the meaning of "prior appropriation." It is expected that the previous year's funding level would include regular appropriations, supplementals, rescissions, and (starting with fiscal 1987) sequestrations.

4. In estimating outlays, the Directors do not consider any deferrals reported pursuant to the Impoundment Control Act.

5. The Directors do not alter their economic or technical estimating factors between the August and October snapshots. Therefore,

[4] The Act specifies that, notwithstanding the general rule, excise taxes deposited into trust funds are not assumed to expire, and CCC crop price supports are not assumed to expire.

BEST COPY AVAILABLE

changes in the budget base result only from newly enacted law or newly promulgated regulations.

C. Exemptions

Some programs are completely or partially exempt from sequestration, and some outlays associated with nonexempt programs are excluded from the calculations. Before beginning the sequestration calculations, the Directors remove exempt outlays from the budget base, leaving the "sequestration base." All figures shown below are from the Directors report of January 15. The Comptroller General's report of January 21 made only minor changes.

There are four types of exemptions created by the Act:

1. *Completely Exempt Programs.* Other than their Federal administrative costs, the following programs are completely exempt. For fiscal 1986 these programs total more than $435 billion.

- Net Interest;
- Social Security retirement and disability;
- Railroad Retirement Tier I (the Social Security equivalent);
- Veterans Compensation and Pensions;
- State Unemployment Compensation;
- Earned Income Tax Credit;
- Selected "Low-Income" programs: AFDC, SSI, Food Stamps, Child Nutrition, WIC, and Medicaid;
- Federal power administrations: TVA, BPA, WAPA, SWAPA, SEAPA, and APA;
- Postal Service Fund (but not the Federal subsidy);
- Accounts paying claims against the U.S., including Claims, Judgments, and Relief Acts; Defense Claims; Fayments to Copyright Owners; Eastern Indian Land Claims; Vietnam and USS Pueblo POW Claims; and Soldiers and Airmen's Home Claims;
- Constitutionally protected salaries: Compensation of the President, and Salaries of Article III Judges.
- Non-U.S. funds of three types: Foreign Military Sales Trust Fund; activities from private bequests, donations, or voluntary contributions; and appropriations for D.C. (but not the Federal subsidy);
- Payments from one Federal account to another, since these do not constitute Federal outlays;
- A few minor technical exemptions.

2. *Partially protected programs.* The following programs are subject to limited sequestration; although they may be cut, the cuts are limited as described below. For fiscal 1986 these programs total $135 billion.

- COLA programs, also known as Automatic Spending Increases (ASI), may have their COLAs reduced or frozen but their benefit base in protected, that is, the COLAs may not become negative. For 1986 their COLAs were frozen: on average, the lost COLAs would have been 3.12 percent. Nine-tenths of these savings came from Federal Civil Service and Military Retirement. The protected base for these programs totals almost $48 billion in 1986.
- Special Rule programs may be cut by specified, limited percentages or amounts.

BEST COPY AVAILABLE

Guaranteed Student Loans may be cut only by (1) increasing the student's origination fee (up-front premium) by one-half of one percentage point, and (2) decreasing the lender's "Special Allowance Factor" by four-tenths of one percentage point. These changes apply only for one year. They apply only to loans originated during the fiscal year but after the sequestration order.

Foster Care and Adoption Assistance payments to the States may be cut only to the extent that they would have increased in order to match benefit increases legislated by the States.

Five health programs may be cut by no more than one percent in fiscal 1986 and no more than two percent in fiscal 1987–1991, relative to whatever their costs otherwise would have been absent sequestration. The programs are Medicare,[5] Veterans Medical Care, Indian Health, Migrant Health, and Community Health. For fiscal 1986 this special rule effectively protects almost $83 billion.

- Insurance and Guaranteed Loan Programs may have their new activities subject to sequestration, but costs associated with insurance claims or with loan defaults are exempt. The Act identifies 46 such programs.[6] In general, these programs support themselves through premiums, so that their net Federal cost is near zero.

3. *Prior-year outlays from otherwise nonexempt programs.* Although these programs are subject to across-the-board sequestration, their prior-year outlays generally are not part of the calculations. Just about $100 billion in defense outlays, and a nearly identical amount in nondefense outlays, are thus excluded from the sequestration calculations. However, new funds for the programs in question are completely available for sequestration.

Specifically, for nondefense programs the Act removes from the calculations all outlays resulting from budgetary resources that were provided in prior fiscal years. Only new budgetary resources are sequesterable, and only the resulting "new" outlays are included in the calculations.

For defense programs the Act removes from the calculations all outlays resulting from obligated budgetary resources that were provided in prior fiscal years. However, unobligated balances of prior appropriations are subject to sequestration, so the outlays estimated to flow therefrom are part of the calculations.

4. *Offsetting receipts.* These receipts are nontax income of the U.S. deposited in the Treasury's General Fund, and are accounted as "negative spending." An example is the income generated by Outer Continental Shelf Rents and Royalties. The Act exempts such income from sequestration calculations, since sequestration is intended to cut spending, not to increase user fees or speed up auction schedules.

---

[5] Medicare cuts come only from a reduction in payments for covered services. Therefore, premiums and deductibles, program eligibility, and the types of services that are covered are not altered. For fiscal 1986, payments made after March 1 are reduced by one percent.

[6] In their January 15, sequestration report, the Directors agreed that the Act should have specified that interest payments to the Washington Metropolitan Area Transit Authority (WMATA) were in this category. However, the Act did not specifically do so, and the Directors did not agree whether such payments are exempt under its terms. On January 21 the Comptroller General ruled that the payments are exempt.

BEST COPY AVAILABLE

SEQUESTERABLE OUTLAYS: FISCAL 1986

	Total		Sequesterable
	Dollars	Percent	
(1) Completely exempt programs:			
Net Interest	137	13.7	0
Social Security	202	20.3	0
Other exempt programs	96	9.6	0
Subtotal	(435)	(43.6)	(0)
(2) Offsetting receipts	−50	−5.0	0
(3) Partially protected programs:			
COLA programs	49	4.9	1
"Special Rules" programs	87	8.7	(1)
Insurance/Guarantees (net)	−1	−0.1	(1)
Subtotal	(135)	(13.5)	(1)
(4) Completely sequesterable programs:			
Defense:			
"new" outlays	172	17.3	[2]172 (109)
"prior" outlays	100	10.0	0
Nondefense:			
"new" outlays	105	10.5	[3]105 (115)
"prior" outlays	100	10.0	0
Subtotal	(477)	47.8	(277)
Grand total	997	100.0	278

[1] Less than $500 million.

[2] As discussed under "Defense Flexibility," most Military Personnel accounts were protected in fiscal 1986.

[3] The Act includes a special rule for the CCC farm price support program. In general, this program is subject to across-the-board sequestration, by the same percentage reduction that applies to all other nonexempt, non-COLA, non "special rule", nondefense programs. The Act specifies that each type of crop must be cut by the same percentage, and that the cuts apply to the crop year beginning after a sequestration order has gone into effect.

As with many other defense and nondefense programs, sequestration would produce some outlay savings in the first year and some in subsequent years. In fact, CBO estimates that $7.5 billion in fiscal 1987 savings will result from fiscal 1986 sequestration.

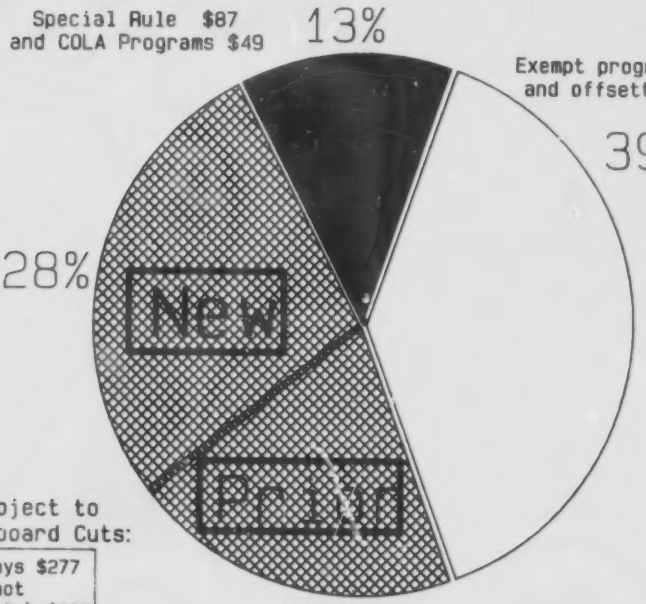
Unlike its treatment of other programs, however, the Act specifies that second-year CCC savings shall be accounted as though they occurred in the first year. Thus, $409 million in estimated fiscal 1987 outlay savings have been counted as though they would occur in fiscal 1986. Since they will not, the fiscal 1986 outlay savings in the Directors' estimate from sequestration is $11.3 billion rather than $11.7 billion. This summary will use the $11.7 billion figure.

For consistency, therefore, the fiscal 1987 CCC budget base of $9.5 billion (which produces the $409 million in fiscal 1987 savings) is shown as though it were part of the fiscal 1986 budget base. Thus, the actual fiscal 1986 nondefense budget base of $105.2 billion is shown here as $114.8 billion.

60-607 O - 86 - 4

BEST COPY AVAILABLE

FISCAL YEAR 1986 OUTLAYS



Programs Subject to
Across-the-board Cuts:

New Outlays	$277
Priors (not cuttable)	$200

94

House Budget Committee
January 28, 1986

D. The calculations

The Directors calculate the reduction in outlays, and the sequestration of budgetary resources necessary to produce that reduction, by taking the steps listed below, in order. Where they do not agree on a common estimate, they are required to use the average.

1. The Directors calculate the excess deficit. They subtract the projected "budget base" deficit from the deficit target (the MDA). For fiscal 1986 they projected a budget base deficit of $220.5 billion. That projected deficit is $48.6 billion above the maximum deficit amount of $171.9 billion.

2. If the excess deficit is larger than the cushion, then (except in fiscal 1986) the entire excess deficit is eliminated. Thus the "required outlay reduction" equals the excess deficit. For fiscal 1986 and 1991 the cushion is zero; for fiscal 1987–1990 the cushion is $10 billion.

[NOTE: For fiscal 1986 only, sequestration is capped; only 7/12 of the excess deficit is eliminated, and in any case the outlay reduction may not exceed $11.7 billion.[7]]

3. Exempt outlays are removed from the calculations.

4. Retirement COLAs are frozen,[8] and the savings are credited against the required reduction.

5. The remaining required reduction, after subtracting the savings from freezing retirement COLAs, is divided equally between defense[9] and nondefense accounts. Each must achieve half the remaining outlay savings.

6. The defense outlay savings are achieved by cutting sequesterable budgetary resources across the board. That is, the Directors calculate a single percentage by which defense budgetary resources must be cut in order to achieve the outlay savings required from defense programs.

The Act also grants the President three types of flexibility that, if used, would change the across-the-board nature of the defense cuts, would change the amount of budgetary resources sequestered, and could possibly change the amount of outlay savings achieved. See the discussion of Defense Flexibility.

7. The nondefense outlay savings are achieved in four steps. First, the nonretirement COLAs are frozen.[10] For fiscal 1986, this step saved $45 million.

---

[7] For fiscal 1986, the excess deficit of $48.6 billion, after multiplying by 7/12, is $28.4 billion. That is substantially greater than the cap of $11.7 billion, so fiscal 1986 sequestration is governed by the $11.7 billion cap.

[8] The Act requires that the savings from freezing retirement and other COLAs must not be more than half of the total sequestration. Given recent inflation experience, it is unlikely that such savings would be more than $2 billion—in fiscal 1986 they are $1,039 million.

Because of the cushion, the minimum possible sequester in fiscal 1978–1990 is $10 billion. As noted, the fiscal 1986 sequester is $11.7 billion. Therefore, the only year in which a COLA freeze could save more than half of the required reduction would be fiscal 1991, and then only if the required reduction (the excess deficit) were just a few billion dollars.

[9] "Defense" is defined to mean the National Defense functional category except for Federal Emergency Management Administration (FEMA) accounts. This category includes amounts funded in the DOD and Military Construction appropriation bills, and the nuclear weapons accounts funded in the Energy—Water Development appropriation bill.

[10] As noted, the Act provides that total COLA savings may not be more than half of the excess deficit. There are three nonexempt, nonretirement COLAs: Vocational Rehabilitation basic state grants; Special Milk; and the National Wool Act.

Second, two "special rule" programs, Guaranteed Student Loans and Foster Care/Adoption Assistance, are cut the full amount allowed by the Act. For fiscal 1986 this step saved $15 million.

Third, the "special rule" health programs are cut by one percent (in fiscal 1986) or by two percent (in fiscal 1987-1991).[11] For fiscal 1986 this step saved $382 million.

Finally, whatever nondefense outlay savings are still required (after taking the previous steps) are achieved by cutting sequesterable budgetary resources across the board. That is, the Directors calculate a single percentage by which nondefense budgetary resources must be cut in order to achieve the remaining outlay savings required from nondefense programs.

FISCAL 1986 SEQUESTRATION CALCULATIONS: OUTLAY SAVINGS, IN MILLIONS

	Nondefense	Defense	Total
Required Savings			11,700
Retirement COLAs			994
Remaining savings	5,353	5,353	10,706
Nonretirement COLAs	45	0	45
GSL, Foster Care, Adoption Assistance	15	0	15
Health "special rule"	382	0	382
Remaining savings	4,912	5,353	10,265

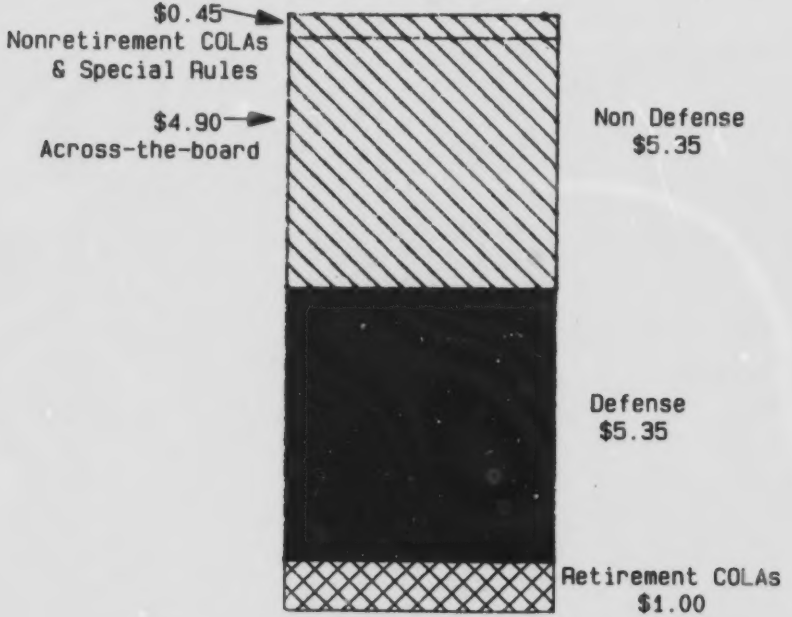
This table shows the dollar amount of the fiscal 1986 required outlay savings, according to the Directors' report. It is critical to note, however, that the across-the-board sequestrations are of budgetary resources, not outlays. The Directors calculate how deeply (1) defense and (2) nondefense budgetary resources must be cut in order to produce the necessary outlay reductions.

[11] The Act provides that these health cuts must not save more than is needed to reach the nondefense savings target; if they would, then the percentage is reduced (to less than 2%) in order to meet but not exceed the savings target.

A 2 percent cut in the "special rule" health programs would save less than $2 billion. As noted previously, a COLA freeze saves about $1 billion. Therefore, sequestration would have to be less than $5 billion in order for the health reduction to be less than 2 percent. Because of the $10 billion cushion, sequestration can be that small only for fiscal 1991.

BEST COPY AVAILABLE

1986 SEQUESTRATION UNDER GRAMM-RUDMAN



BEST COPY AVAILABLE

In order to make these two calculations, the Directors must estimate three figures for each of the two program categories: (1) the base level of budgetary resources; (2) an estimate of outlays that would result from those budgetary resources in the coming fiscal year; and (3) the "remaining outlay savings" that are required to be achieved through sequestration.

Using nondefense programs in fiscal 1986 as an example, the base level of budgetary resources available for across-the-board sequestration is $244.1 billion. The level of fiscal 1986 outlays estimated to flow from those budgetary resources is $114.8 billion. (As explained in footnote 3 on p. 3, $9.5 billion of fiscal 1987 CCC payments are also included in these totals.) The budgetary resources that are not disbursed in 1986 will be spent in future years.

The relationship between budgetary resources and new (fiscal 1986) outlays is calculated account by account, based on historical spendout rates for each account. It is a cause-and-effect relationship: the $244.1 billion in budgetary resources is the sole cause of the $114.8 billion in estimated new (fiscal 1986) outlays. If Congress eliminated 100 percent of those budgetary resources, then it would have eliminated 100 percent of the new outlays. *Likewise, if sequestration eliminates 10 percent of the budgetary resources, then sequestration will necessarily eliminate 10 percent of the new outlays.* In other words, the percentage reduction required in budgetary resources is exactly the same as the percentage reduction required in sequesterable outlays.

Therefore, the Directors calculate the percentage reduction in sequesterable budgetary resources by dividing the required outlay reduction ($4.912 billion) by the resulting "sequesterable" outlays (114.762 billion).

FISCAL 1986 NONDEFENSE: ACROSS-THE-BOARD CUT

	Base	Amount cut	Percent cut
Budgetary resources	$244.130	$10.449	4.28
Resulting outlays	114.762	4.912	4.28

In applying the percent reduction to budgetary resources, the Directors chose to round to 4.3 percent, and therefore achieve slightly more savings than required.

The principle for calculating the defense cuts is exactly the same.

In general, the dollar amount of required across-the-board outlay reductions in defense and nondefense programs is very similar. (Without the special rule and nonretirement COLA programs, the dollar amounts would be identical.) Since the defense outlay base is significantly larger than the nondefense outlay base, the defense percentage will be significantly lower. This is shown best when a sequestration is very large, so that the effect of the special rules is minimal. For example, if fiscal 1986 sequestration had eliminated the full excess deficit of $48.6 billion, then the nondefense across-the-board reduction would have been 20.4 percent. The defense across-the-board reduction would have been 13.8 percent.

As discussed later, the Act grants the President some flexibility in applying the defense cuts. When used, as it was in fiscal 1986, the defense cuts are no longer across the board so the calculations may change substantially.

E. Budgetary Resources

Budgetary resources allow an agency's budget officer to incur financial obligations. Budgetary resources are the legal authority to sign binding service or procurement contracts, to hire personnel, to make grants, or to commit to any other payment required by law.

Budgetary resources are most commonly measured by new budget authority (usually called "BA"). Most new budget authority is provided in annual appropriation acts. The remainder is provided automatically by substantive law, and is called "permanent budget authority" or "permanent appropriations." But, for the purposes of the Act, budgetary resources go beyond new budget authority.

The Act treats defense programs differently from nondefense programs. For defense, the sequesterable budgetary resources are (1) new budget authority, and (2) unobligated balances of prior budget authority.

For nondefense programs, there are five different types of budgetary resources that are subject to sequestration.

(1) new *budget authority;*
(2) gross levels of new *direct loan* obligations;
(3) other *obligation limitations* (generally, limitations on programmatic or administrative obligations from trust or revolving funds);
(4) "spending authority defined in Sec. 410(c)(2) of the Congressional Budget Act" (commonly known as "direct spending" or "*backdoor spending*)"; and
(5) new *loan guarantee* commitments.

Note that *unobligated balances* are not listed as budgetary resources subject to sequestration. With regard to unobligated balances, three points are worth noting. First, direct loans, other obligations subject to limitation, and backdoor spending authority are frequently financed from unobligated balances of one type or another.[12] Therefore, to the extent that those three types of budgetary resources are reduced through sequestration, so are obligations from unobligated balances.

Second, the Directors have ruled that one variety of unobligated balance—offsetting collections from the public that are credited to appropriation or fund accounts—are also a type of backdoor spending authority and, therefore, are subject to sequestration.

Third, the Act subjects all Federal administrative expenses to sequestration, "notwithstanding any other provision of this title." The Directors agree that this language is all-inclusive. However, on January 21 the Comptroller General ruled that administrative expenses funded by unobligated balance of prior budget authority

[12] Unobligated balances may come from: Prior appropriations of budget authority carried over into the new fiscal year; offsetting collections from the public (such as loan repayments, fees, and premiums) or from other budget accounts; and recoveries (or deobligations) of funds obligated in prior years.

(and not the object of a limitation, or funded by unobligated balances from offsetting collections) are nonetheless not subject to sequestration.

Loan guarantee commitments are not considered to require budget authority or produce outlays, since they merely guarantee that one private party, a borrower, will repay a loan to another private party, a lender. However, if the borrower defaults the U.S. must bear the costs. Default payments are Federal outlays, but are exempt from sequestration.

Sequestration of loan guarantees reduces the government's contingent liability. In the long run, this would lead to lower default payments. Since most loan guarantee programs are self-financed (up-front premiums cover expected defaults), sequestration will have the shortrun effect of slightly reducing Federal income from premiums.

Programs with two types of budgetary resource are numerous. For example, the Federal-aid highway program receives new budget authority (in the form of contract authority) and has an obligation limitation. Many direct loan programs receive new budget authority (in the form of borrowing authority) though they are controlled by loan limitations. Some entitlements (a common form of backdoor spending) receive annual appropriations of budget authority in appropriation bills.

In general, if a program is controlled by both definite budget authority and another budgetary resource, then both budgetary resources are reduced through sequestration. If a program receives indefinite budget authority ("such amounts as may be necessary") but is controlled by a different budgetary resource, such as a direct loan limitation, then only the latter resource is directly reduced through sequestration. The amount of indefinite budget authority will automatically be reduced as a consequence, though not necessarily by the same amount or percentage.

F. Implementation: Federal Pay, "PPA's", Reprogramming, and Available Resources

Federal Pay. Sequestration does not alter pay rates set by Federal statute, nor affect the operation of the Pay Comparabilty Act. Therefore, the rate of pay received by a GS-9 or a second lieutenant is not altered by sequestration, nor is any scheduled pay raise affected. However, the funding level for such personnel costs is reduced through sequestration. As a result, sequestration may lead to a smaller Federal civilian and military workforce through attrition or RIFs, or may lead to furloughs.

Program, Project, or Activity (PPA). The Act requires that, in implementing sequestration, the President cut each "program, project, or activity" (PPA) within a budget account by the same percentage. There are single-purpose accounts (e.g. revenue sharing) as well as multi-purpose accounts. For example, the Budget Appendix lists eight "activities" within the Training and Employment Services account: Block Grant to States; Summer Youth Employment; Dislocated Worker Assistance; Native Americans; Migrant and Seasonal Farmworkers; Job Corps; Veterans Employment; and National Activities. The intent is that sequestration cut each PPA by the same percentage.

BEST COPY AVAILABLE

The term "program, project, and activity" does not have a statutory definition. Instead, the Act specifies that, for accounts funded through annual appropriations, the term is to be defined each year in appropriation bills (perhaps through earmarks) or in their accompanying reports.

For fiscal 1986, the statement of managers accompanying the final continuing appropriations contains the necessary definitions.[13] Those definitions of PPA range from very broad to very narrow. For example, the Legislative Branch PPA's are synonymous with each appropriation account, so that there is complete flexibility within each account. In contrast, for the Soil Conservation Service the definition of PPA includes individual flood prevention projects and individual operational watershed projects.

For defense accounts, the amounts cut from each PPA are specified in the Directors report, the GAO report, and the President's sequestration order. For nondefense accounts, the amounts cut from each PPA are not specified until the Presidential order and accompanying message are issued.

Reprogramming. The Act does not address, and apparently does not alter, the existing authority of the President to move funds from project to project within an appropriation account. This "reprogramming" authority is not limited by any statute, unless an appropriation or authorization law includes specific "earmarks." However, fairly specific procedures have developed over time for an agency to check with the House and Senate Appropriations Committees before it implements any significant reprogramming. It is likely that, after the application of strict, pro-rata sequestration, the agencies will suggest ways to adjust the results through reprogramming.

Available Resources. Sequestration cancels budgetary resources; it reduces amounts otherwise available by law on the date of the sequestration order. The amount otherwise available by law might not be the amount used in the sequestration calculations, for two reasons.

First, between the time of the snapshot and the sequestration date, a law might be enacted changing the amount of available resources. For example, in the budget base (computed October 5) a given account might have $100 million in budget authority and might be subject to a sequestration of $10 million or 10 percent. By the sequestration date (October 15) that account might, because of an intervening statute, have $115 million in budget authority. The Act does not specify whether, in such a case, the sequestration shall be the $10 million previously calculated or the 10 percent (now $11.5 million) previously calculated. At this time it appears that the dollar rather than the percent figure will govern.

Second, a temporary continuing appropriation may be in place on October 15. Since the budget base and calculations relied on the previous year's funding level, the amount in the calculations may differ from the amount in the continuing. Again, it is expected that the amount otherwise provided by the continuing will be reduced by the dollar amount specified in the calculations.

---

[13] H. Rept. 99-450, pp 338-345.

G. Defense Flexibility

The Act grants three types of flexibility to the President in applying sequestration to defense. (1) For fiscal 1986 only, the President may exempt Military Personnel from sequestration. (2) For fiscal year 1986 only, the President may make nonproportional cuts to PPAs within an individual defense budget account. (3) In all years, the President may, for a given defense PPA, reduce existing contracts in lieu of sequestering new budget authority or unobligated balances.

1. Exemption of Military Personnel. For fiscal 1986 only, the President may exempt all or part of Military Personnel expeditures from sequestration. The full amount of required outlay savings must still be achieved. Therefore, the defense cut must come entirely from a smaller base of sequesterable budgetary resources. Consequently, the percentage reduction to the remaining budgetary resources will be greater. For fiscal 1986, the President invoked this authority and exempted 93 percent of Military Personnel amounts from sequestration.

FISCAL 1986 DEFENSE: ACROSS-THE-BOARD CUT

	Base	Amount cut	Percent cut
Budgetary resources	$345.4	$10.7	3.1
Resulting outlays	172.4	[1] 5.4	3.1

[1] Required outlay reduction of $5,353 million.

FISCAL 1986 DEFENSE: MOST MILITARY PERSONNEL EXEMPT

	Base	Amount cut	Percent cut
Budgetary resources	$208.7	$13.8	4.9
Resulting outlays	109.3	[1] 5.4	4.9

[1] Required outlay reduction of $5,353 million.

Note that the use of this flexibility in 1986 shifts the defense cuts out of Military Personnel and into all other accounts, such as procurement. Since the savings must come from budget accounts with slower spendout rates, more total budgetary resources are sequestered in order to achieve the same outlay reduction.

2. Flexibility Among Defense PPAs. For fiscal 1986 only, the President is allowed to sequester as little as zero or as much as twice the percentage from any PPA. In other words, each defense PPA could be cut by anywhere from zero to 9.8 percent. There are three restrictions on the use of this authority:

(a) The total amount of budgetary resources sequestered from each budget account must still meet the required cut of 4.9 percent. Therefore, this flexibility moves funds from PPA to PPA within an account, but does not move funds between accounts.[14]

[14] Because this flexibility requires the President to achieve the specified reduction in budgetary resources, it is possible that the use of this authority will result in an outlay reduction that differs from what would otherwise be required. In practice, the use of this flexibility in 1986 did not change the estimated outlay savings.

BEST COPY AVAILABLE

(b) This flexibility may not result in base closures.

(c) This flexibility may not cut a PPA by more than the standard rate (4.9 percent) if that PPA is a "special interest" item (i.e., if the PPA was funded 10 percent above the administration's request).

The Act requires the President to show how this flexibility will be used when he makes his sequestration report on February 1. He chose to provide the Directors with this information in advance of their January 15 report, and they incorporated his decisions into their report. The President used this flexibility primarily to protect Star Wars research.[15]

3. Authority to Sequester Obligated Balances.—For all years, the President has the authority to achieve sequestration within a given PPA by modifying or canceling existing contracts. The savings from contract modification would replace, in whole or in part, the savings otherwise required by sequestration. There are four conditions on the use of this flexibility:

(a) The Directors, Congress, and the GAO must be notified of the specific contract modifications in advance of sequestration, and must be provided with an estimate of the budgetary resources to be canceled and the outlays to be saved.

(b) GAO must certify that the estimates are "reasonable."

(c) The combination of sequestration and contract modification within a PPA must produce the outlay savings otherwise required. If contract modification would reduce outlays in the PPA by less than the required sequestration amount, then the shortfall must be made up through sequestration from the PPA, using the PPA's spendout rate as calculated by the Directors and GAO.

(d) If contract modification would reduce outlays in the PPA by more than the required sequestration amount, then the excess savings are not credited to any other PPA.

The President did not choose to use this flexibility in fiscal 1986. It should be noted that this flexibility is conditional upon meeting the required outlay savings. If the "savings rate" from modifying a contract is different from the first-year spendout rate for that PPA, the use of this flexibility would result in a different reduction in budgetary resources than otherwise required. Reductions in a procurement item that is already being delivered might result in a savings rate of one-to-one, so that budget authority reductions would be significantly less than otherwise required.

It should also be noted that the general authority to modify or cancel defense contracts exists independent of the Act. Therefore, if the President chooses to modify contracts outside of the sequestration process, he would be able to free up (deobligate) budgetary resources and make them available for other purposes. Combined with general reprogramming authority, those freed-up resources could be used to supplement funding for other PPAs within the same budget account. Thus, the flexibility granted in the Act is more restrictive than general authority that the President still retains.

---

[15] The President also used this flexibility to protect over $2 billion in budgetary resources that were dedicated to 14 R&D or procurement "firm fixed price" contracts and to 5 multiyear contracts.

BEST COPY AVAILABLE

III. Suspension by Joint Resolution in Case of Recession

The Act establishes a procedure for suspending certain of its provisions enforcing the MDA in the event of a recession. The Director of the Congressional Budget Office is required to notify Congress at any time if, during the quarter that notification is given, the quarter preceding notification, and the four quarters following such notification, CBO or OMB has determined that real economic growth is projected to be less than zero in any two consecutive quarters.

The Director must also notify Congress if the Department of Commerce's preliminary reports or revisions of actual real economic growth indicate that the rate of real economic growth for the most recent reported quarter and the immediate preceding quarter is less than one percent.

Upon such notification, the Majority Leader of each House shall introduce a joint resolution declaring that the economic conditions specified are met and suspending the relevant provisions of the legislation for the remainder of the current fiscal year and for the following fiscal year. This provides an opportunity for the Congress to respond to the recession with a budget program outside the constraints of the Act for the recession and early recovery period. However, it is important to note that such a suspension does not modify the maximum deficit amounts and the timeframe for achieving a balanced budget in subsequent fiscal years.

Provisions Suspended

The provisions of the Act which are suspended by the joint resolution are as follows:

1. The maximum deficit amount for the current fiscal year and the next fiscal year as it applies to Congressional budget resolutions and the President's budget submissions;
2. Points of order for the *current* fiscal year enforcing spending and revenue levels, and the maximum deficit amount in the Senate, established in the budget resolution for such year;
3. Points of order for the *next* fiscal year enforcing spending and revenue levels established in the budget resolution for such fiscal year, except that if a budget resolution for such year has not been agreed to before the introduction of the joint resolution, then these points of order will not be suspended. The points of order in the Senate for enforcing the maximum deficit level for the next fiscal year is suspended regardless of the status of the budget resolution for such fiscal year.
4. The issuance of any joint report by CBO and OMB and any report of the Comptroller General reporting excess deficits, the issuance of any initial or final sequestration order by the President, and the operation of any initial sequestration order. However, a final sequestration order issued prior to enactment of the joint resolution is not suspended.

Form of Joint Resolution

The form of the joint resolution is prescribed in the Act. The joint resolution introduced pursuant to this procedure is referred to the Committees on the Budget of both Houses. The joint resolution is to be reported by the Budget Committee to its House, without

amendment, within five days after introduction. If the committee fails to report the joint resolution within the five-day period, it shall be automatically discharged from further consideration and the resolution will be placed on the appropriate calendar.

A vote on final passage of a joint resolution shall be taken within five days after it was reported or discharged. No amendment to a joint resolution is in order in either House of Congress.

When the joint resolution is agreed to, the Clerk of the House or the Secretary of the Senate engrosses, certifies, and transmits the joint resolution to the other House of Congress as soon as practicable. Expedited procedures for the consideration of the joint resolution are set forth for both the House and Senate.

IV. Judicial Review

The Act authorizes expedited judicial review of constitutional questions raised by a Member of Congress or any other adversely affected person. Legal action may be brought by a Member of Congress in the United States District Court for the District of Columbia on the grounds that any sequestration order that might be issued violates the Constitution or that the Presidential sequestration order does not comply with requirements of the Act. The measure specifically provides that such an action will be heard by a three-judge panel of the U.S. District Court for the District of Columbia, and authorizes an immediate appeal to the U.S. Supreme Court.

A case challenging the constitutionality of the Act is pending before a three-judge panel of the United States District Court for the District of Columbia (see *Synar* v. *United States,* Civ. Action No. 83-3945). A speedy decision by this panel is anticipated which then could be immediately appealed to the Supreme Court.

Any order of the United States District Court for the District of Columbia which is issued pursuant to this section of the legislation is reviewable by appeal directly to the United States Supreme Court. An appeal is taken by filing a notice of appeal within 10 days after an order is entered; the jurisdictional statement must be filed within 30 days after an order is entered. A stay of an order issued pursuant to an action brought under this section cannot be issued by a single Justice of the Supreme Court. The United States District Court for the District of Columbia and the United States Supreme Court are required to advance on the docket and to expedite the disposition of matters brought under the legislation.

If a court of competent jurisdiction finally determines that an order issued by the President under the Act for any fiscal year does not comply with the sequestration procedures, the President must, within 20 days after such a determination is made, revise the order in accordance with the judicial determination. If the Presidential order does not comply with the sequestration procedures on the claim or defense that the constitutional powers of the President prevent such sequestration and such claim or defense is finally determined by the United States Supreme Court to be valid, then the entire order for such fiscal year is null and void.

An order by a court granting declaratory or injunctive relief from a Presidential sequestration order, including relief permitting

or requiring expenditure of sequestered funds, does not take effect during the pendency of the action or an appeal until the court has entered its final order disposing of the action.

Alternative Procedures for the Joint Reports of the Directors—"Fallback" Procedure

If any of the reporting procedures required of the Directors of the OMB, the CBO, and the GAO under the Act are invalidated by the Court, then the CBO/OMB reports are transmitted to a Temporary Joint Committee on Deficit Reduction rather than to GAO, and GAO has no reporting role. The Joint Committee is composed of the entire membership of the Budget Committees of the House of Representatives and the Senate. The chairmen of the House and Senate Budget Committees act as cochairman of the Joint Committee. Actions taken by the Joint Committee are determined by the majority vote of the Members representing each House.

The purposes of the Joint Committee are to receive the CBO/OMB reports and to report a joint resolution setting forth the contents of such reports. A joint resolution should be reported to the House of Representatives and the Senate within five days after receipt of such a report. The provisions pertaining to consideration of a joint resolution in the event of a recession also apply to consideration of a joint resolution reported under this alternative procedure in the House and Senate, except that debate in each House shall be limited to two hours. Upon enactment, the joint resolution is deemed to be the GAO report otherwise required by the Act. Enactment of this joint resolution would trigger the sequestration process.

V. Amendments to the Congressional Budget Act

In addition to establishing a new procedure, "sequestration," as part of the Executive and Congressional budget processes, the Act also substantially amended the existing budget process. Most of the reforms codify congressional budget practices that have evolved since the original Congressional Budget Act was adopted in 1974. However, some are designed to enforce the maximum deficit amounts set forth in the Budget Act.

As noted earlier, the Act provides that a budget resolution cannot contain a deficit level in excess of the MDA for the applicable fiscal years. This prohibition applies to the committee-reported budget resolution, any amendments thereto, or conference report thereon. In the House, three-fifths of Members present and voting are required to waive this point of order against *a conference report* on a budget resolution. This is the only super-majority waiver requirement created by the Act applicable in the House of Representatives.

The revenues and disbursements of the Social Security program are included in the calculation of the deficit for purposes of the congressional budget resolution, the President's budget, and the excess deficit. For all other purposes Social Security is considered off-budget. A new point of order is established which prohibits any changes to the Social Security program to be included in a reconcil-

iation bill pursuant to a budget resolution (this prohibition also applies to a Senate-originated response to sequestration).

The Budget Act is amended to establish spending controls at the subcommittee or program level. Legislation is subject to a point of order if it exceeds the appropriate committee's section 302(b) subdivision of new discretionary budget authority, new entitlement authority or credit authority. (In the Senate the point of order is based upon budget authority and outlays.) Under current law this subdivision is not binding.

Other amendments to the Budget Act codify existing congressional practices. For example, the Budget Act is amended to require adoption of only one annual budget resolution (although it may be revised at any time). The content of the resolution is expanded to include advisory budgetary levels for the two succeeding fiscal years, and reconciliation instructions for three fiscal years. Section 302(a) of the Budget Act is amended to reflect how the House and Senate Budget Committees technically allocate the spending authority in the budget resolution to the committees of jurisdiction. In the House, a committee is "held harmless" from certain points of order if it is within its section 302(a) total allocation of new discretionary budget authority and new entitlement authority.

The scope of the budget process is expanded to establish binding levels on credit authority, to require new credit authority to be subject to the appropriations process, and to define new types of "backdoor" spending authority.

Finally, the timetable for the budget process is accelerated. In addition to the timetable below, House rules are amended to require early organization of the House.

CONGRESSIONAL BUDGET PROCESS TIMETABLE

On or before:	
First Monday after January 3 [1]	President submits his budget.
February 15	Congressional Budget Office submits report to Budget Committees.
February 25	Committees submit views and estimates to Budget Committee.
April 1	Senate Budget Committee reports concurrent resolution on the budget.
April 15	Congress completes action on concurrent resolution on the budget.
May 15	Annual appropriation bills may be considered in the House.
June 10	House Appropriations Committee reports last annual appropriation bill.
June 15	Congress completes action on reconciliation legislation.
June 30	House completes action on annual appropriation bills.
Before July recess	House must complete action on all regular appropriation bills and reconciliation legislation before it can consider an adjournment resolution for more than 3 calendar days.
October 1	Fiscal year begins.

[1] Feb. 5 for FY 1987 budget submission.

BEST COPY AVAILABLE

Litigation

On February 7, 1986, a three judge panel of the United States District Court for the District of Columbia held the automatic deficit reduction process established by the Balanced Budget and Emergency Deficit Control Act of 1985 unconstitutional. In its opinion, the Court held that, in requiring the President to issue a sequestration order implementing the budget reduction specifications of a report issued by the Comptroller General, the Act vests executive power in the Comptroller General, an officer removable by Congress. Accordingly, the Court declared the President's sequestration order issued on February 1, 1986 to be without legal force and effect, but stayed the effect of the judgment pending appeal to the Supreme Court. The Court further ordered that its action was without prejudice to implementation of the alternate deficit reduction process specifically set forth in the Act (the "fallback procedure").

On July 7, 1986, the United States Supreme Court, in a 7 to 2 decision, upheld the lower court ruling, declaring the automatic deficit reduction process in the Act unconstitutional as violative of the constitutional principle of separation of powers. The Supreme Court stayed its judgment for a period of not to exceed 60 days to permit Congress to implement the fallback provisions in section 274(f) of the Act. *Synar* v. *United States*, 626 F. Supp. 1374 (D.D.C. 1986), aff'd sub nom. *Bowsher* v. *Synar*, ——— U.S. ——— (July 7, 1986) (No. 85–1377).

BEST COPY AVAILABLE

ATTACHMENT "D"

FUNCTIONAL CLASSIFICATION CODES AND PROGRAM CATEGORIES

Function 050: National Defense

051: Department of Defense—Military
053: Atomic Energy Defense Activities
054: Defense-Related Activities

Description of function:

Funds in this function are provided to develop, maintain, and equip the military forces of the United States, and to finance defense-related activities of the Department of Energy. Major areas of funding include pay and benefits for military and civilian personnel including an accrual charge for the costs of future military retirement benefits; research, development, testing, and evaluation; procurement of weapons systems and supporting equipment; military construction including family housing; and operations and miantenance of the defense establishment. Funding is also provided for the development and procurement of nuclear weapons and naval reactors.

Major Federal programs in this function:

Department of Defense—Military
Atomic Energy Defense Activities
Defense-Related Activities

Major Federal departments and agencies in this function:

Department of Defense
Department of Energy
(Nuclear Weapons and Naval Reactors)

Function 150: International Affairs

151: Foreign Economic and Financial Assistance
152 : nternational Security Assistance
153: Conduct of Foreign Affairs
154: Foreign Information and Exchange Activities
155: International Financial Programs

Description of function:

Funds in this function are provided to finance the foreign affairs establishment including embassies and other diplomatic missions abroad; sale of U.S. commodities under the Food for Peace programs; foreign aid loan and technical assistance activities in the less developed countries; security assistance to foreign governments; foreign military sales made through the Foreign Military

Sales Trust Fund, U.S. contributions to the international financial institutions, Export-Import Bank activities, and refugee assistance.

Major Federal programs in this function:

Foreign Affairs
Foreign Aid
Food for Peace
Security Assistance
Foreign Military Sales
Export Promotion
U.S. Contributions to International Financial Institutions
Refugee Assistance

Major Federal departments and agencies in this function:

Department of State
Department of Defense
Department of the Treasury
Department of Agriculture
Agency for International Development
United States Information Agency
Export-Import Bank

Function 250: General Science, Space and Technology

251: General Science and Basic Research
253: Space Flight
254: Space Science, Applications, and Technology
255: Supporting Space Activities

Description of function:

This function includes space research and technology, general science, and basic research not specifically covered by other functional areas. The programs in this function are the primary source of funding for the physical and engineering sciences. The budgets for the National Science Foundation [NSF], certain research programs of the Department of Energy [DOE], and the National Aeronautics and Space Administration [NASA]—except for its air transportation programs—are within this category.

Major Federal programs in this function:

General Science and Basic Research
Space Flight, Research, Technology and Application

Major Federal departments and agencies in this function:

National Science Foundation [NSF]
National Aeronautics and Space Administration [NASA]
Department of Energy (high energy physics programs)

Function 270: Energy

271: Energy Supply
272: Energy Conservation
274: Emergency Energy Preparedness
276: Energy Information, Policy, and Regulation

BEST COPY AVAILABLE

Description of function:

This function represents a consolidation of nearly all Federal energy and energy-related programs.

Major Federal programs in this function:

Energy Supply
Energy Research, Development and Demonstration
Synthetic Fuels Program
Energy Conservation
Strategic Petroleum Reserve
Nuclear Regulation
TVA Power Program
Bonneville Power Administration Programs

Major Federal departments and agencies in this function:

Department of Energy
Nuclear Regulatory Commission
Tennessee Valley Authority

Function 300: Natural Resources and Environment

301: Water Resources
302: Conservation and Land Management
303: Recreational Resources
304: Pollution Control and Abatement
306: Other Natural Resources

Description of function:

Programs in this function are primarily designed to develop, manage, and maintain the Nation's natural resources and protect public health by ensuring a clean environment.

Major Federal programs in this function:

Conservation, Forestry, and Land Management Programs
Water Resources Program
Sewage Treatment Plant Construction Grant Program
Protection of the Environment
Development, Regulation, and Conservation of Minerals
Management and Preservation of the Public Lands
Weather and Oceanic Research and Information Programs

Major Federal departments and agencies in this function:

Department of the Interior
Department of Agriculture
Army Corps of Engineers
Environmental Protection Agency
National Oceanic and Atmospheric Administration

Function 350: Agriculture

351: Farm Income Stabilization
352: Agricultural Research and Services

Description of function:

Federal agricultural programs are intended primarily to limit economic harm to farmers from price fluctuations and to maintain farm income. Programs in this function are designed to assist food producers, provide market information and services, and support food research. Food producers are assisted through deficiency payments, disaster payments, product purchases, insurance, nonrecourse loans, and regular loans. Market information and services include Department of Agriculture administration, animal disease prevention, distribution of market information, and numerous regulatory activities. Research provides for direct support of Federal biological research facilities, grants for State-supported facilities and economic analyses.

Major Federal programs in this function:

Price Support and Related Programs (Commodity Credit Corporation)
Federal Crop Insurance
FmHA Farm Loans
Research Programs
Extension Programs
Consumer Protection, Marketing and Regulatory Programs
Economic Intelligence

Major Federal departments and agencies in this function:

Department of Agriculture

Function 370: Commerce and Housing Credit

371: Mortgage Credit and Thrift Insurance
372: Postal Service
376: Other Advancement of Commerce

Description of function:

This function, which is highly volatile from year to year because of changing economic conditions and transactions like mortgage asset sales, provides support to mortgage credit markets, deposit insurance, the Postal Service, and other forms of commerce, including small business.

Major Federal programs in this function:

Mortgage Insurance Programs
Rural Housing Loans
Loans and Financing to Support Subsidized Housing
Subsidy Payment to the Postal Service
Small Business Loans
Thrift and Deposit Insurance
Regulatory Activities

Major Federal departments and agencies in this function

Department of Housing and Urban Development: FHA and GNMA
Department of Agriculture: FmHA
Department of Commerce

BEST COPY AVAILABLE

Postal Service
Small Business Administration
Regulatory Agencies
Federal Deposit Insurance Corporation
Federal Home Loan Bank Board
Federal Savings and Loan Insurance Corporation

Function 400: Transportation

401: Ground Transportation
402: Air Transportation
403: Water Transportation
407: Other Transportation

Description of function

This function provides assistance for transportation activities including ground (highway, railroads, and mass transportation), air and water transportation programs. The transportation activities include major grant-in-aid programs to support State and local activities.

Major Federal programs in this function:

Highway and Bridge Construction, Repair, and Safety
Mass Transit
Railroad Assistance
Airways and Airports
Maritime Subsidies
Coast Guard

Major Federal departments and agencies in this function:

Department of Transportation
NASA: Aeronautical Research and Development

Function 450: Community and Regional Development

451: Community Development
452: Area and Regional Development
453: Disaster Relief and Insurance

Description of function:

This function provides for urban and rural economic assistance, area and regional development programs and disaster assistance programs. Community development block grants account for almost half of the outlays in this function. The balance is made up of a wide variety of urban and rural development, Indian assistance, and other grant and loan assistance programs.

Major Federal programs in this function:

Community Development Block Grants
Urban Development Action Grants
Rental Development Grants
Rural Development Assistance
Economic Development Assistance
Appalachian Regional Commission
Indian Assistance Programs

BEST COPY AVAILABLE

Disaster Relief and Disaster Loans
Flood Insurance

Major Federal department and agencies in this function:

Department of Housing and Urban Development
Department of Agriculture: Farmers Home Loan Administration
Department of Commerce: Economic Development Administration
Department of the Interior: Bureau of Indian Affairs
Small Business Administration

Function 500: Education, Training, Employment, and Social Services

501: Elementary, Secondary, and Vocational Education
502: Higher Education
503: Research and General Education Aids
504: Training and Employment
505: Other Labor Services
506: Social Services

Description of function:

This function includes programs designed to promote the general extension of knowledge and skills and to assist individuals to become self-supporting members of society: child development, elementary, secondary, vocational, and higher education programs; employment and training programs; and grants to States for general social services and rehabilitation services. Funds in the function may be available as income support directly related to training or education; cash payments (scholarship, loans or stipends) to persons to enable them to participate in education or training programs; grants to States, local governments, Indian tribes, or public and private institutions to operate local educational, employment, training, social service programs; and direct research and departmental management expenditures.

Major Federal programs in this function:

Elementary and Secondary Education [ESEA]
Occupational, Vocational and Adult Education
Higher Education Student Assistance
Higher and Continuing Education
Job Training Partnership Act [JTPA]
Grants to States for Social and Child Welfare Services
Human Development Services
National Endowment for the Arts
National Endowment for the Humanities

Major Federal departments and agencies in this function:

Department of Education
Department of Health and Human Services
Department of Labor
Department of the Interior
ACTION, and Various Other Independent Agencies

BEST COPY AVAILABLE

Function 550: Health

551: Health Care Services
552: Health Research
553: Education and Training of Health Care Work Force
554: Consumer and Occupational Health and Safety

Description of function:

The major purpose of programs in this function is to promote the physical and mental health of the population. Programs include financing of health case for certain population groups such as American Indians, low-income Americans, migrants, grants to States, localities, and community groups to support health services programs. The function also includes research into the causes and cures of diseases; promotion of consumer and occupational health and safety; training support for health workers and researchers; and food, drug, and other product safety and inspection programs.

Major Federal programs in this function:

Grants to States for Medical Assistance Program (Medicaid)
Block Grants to States
National Institutes of Health [NIH]
Alcoholism, Drug Abuse and Mental Health Research, and Training
Health Resources Development
Health Services to Designated Population Groups
Disease Prevention and Control

Major Federal departments and agencies in this function:

Department of Health and Human Services
Department of Labor
Office of Personnel Management
Department of Agriculture: Food Safety and Quality Service

Function 570: Medicare

572: Medicare

Description of function:

The major purpose of the programs in this function is to provide health benefits to one in every six aged and disabled American.

Major Federal programs in this function:

Hospital Insurance Trust Fund
Supplementary Medical Insurance Trust Fund

Major Federal departments and agencies in this function:

Department of Health and Human Services
- Health Care Financing Administration

Function 600: Income Security

601: General Retirement and Disability Insurance
602: Federal Employee Retirement and Disability
603: Unemployment Compensation

BEST COPY AVAILABLE

604: Housing Assistance
605: Food and Nutrition Assistance
606: Other Income Security

Description of function:

Programs in this function help meet the needs of individuals by insuring against loss of income resulting from retirement, disability, death, or unemployment of a wage earner, and by assisting those who are unable to provide for themselves. This function includes retirement and disability programs for Federal civilian workers and military personnel, railroad employees, and coal miners. This function also includes programs for unemployment compensation, food and nutrition assistance, housing assistance, and other income security.

Major Federal programs in this function:

Railroad Retirement
Special Benefits for Disabled Coal Miners
Federal Civilian and Military Retirement
Federal Employee Disability
Unemployment Compensation
Supplemental Security Income [SSI]
Grants to States for Assistance Payments (Primarily AFDC)
Housing Assistance
Food Stamps
Child Nutrition
Child Support Enforcement
Special Supplemental Food [WIC]
Refugee Assistance
Low-Income Energy Assistance
Earned Income Tax Credit

Major Federal departments and agencies in this function:

Office of Personnel Management
Department of Agriculture: Food and Nutrition Service
Department of Health and Human Services
Department of Housing and Urban Development
Department of Labor
Railroad Retirement Board
Department of State

Function 650: Social Security

651: Social Security

Description of function:

The major purpose of the programs in this function is to provide income security to one in every six aged and disabled American.

Major Federal programs in this function:

Old Age and Survivors' Insurance Trust Fund
Disability Insurance Trust Fund

BEST COPY AVAILABLE

Major Federal departments and agencies in this function:

Department of Health and Human Services
- Social Security Administration

Function 700: Veterans Benefits and Services

701: Income Security for Veterans
702: Veterans Education, Training, and Rehabilitation
703: Hospital and Medical Care for Veterans
704: Veterans Housing
705: Other Veterans Benefits and Services

Description of function:

Most programs in this function are administered by the Veterans Administration in support of former members of the armed services and their survivors and dependents. Over half of the outlays in this function are for income security programs: compensation, pensions, and life insurance, and slightly more than one-third of the outlays are targeted at hospital and medical care for veterans. Veterans education, training, rehabilitation, housing and other benefits comprise the remainder. Nearly the entire function requires current action by Congress, yet most of these outlays are virtually uncontrollable because of the entitlement nature of the major programs.

Major Federal programs in this function:

Veterans Disability Compensation
Veterans Pensions
Veterans Education and Training (GI Bill)
Veterans Hospital and Medical Care
Veterans Guaranteed Housing Loans
Veterans Life Insurance

Major Federal department and agencies in this function:

Veterans Administration

Function 750: Administration of Justice

751: Federal Law Enforcement Activities
752: Federal Litigative and Judicial Activities
753: Federal Correctional Activities
754: Criminal Justice Assistance

Description of function:

This function includes law enforcement operations of the Federal Bureau of Investigation, Customs Service, Immigration and Naturalization Service, the Drug Enforcement Administration, and other agencies which together constitute 57 percent of total outlays in this function. Approximately 32 percent of total outlays is used by Federal litigative and judicial activities. The balance of outlays, 11 percent, is used for criminal justice assistance and correctional activities.

BEST COPY AVAILABLE

Major Federal programs in this function:

Alcohol, Tobacco, and Firearms Investigation [ATF]
Federal Bureau of Investigation [FBI]
Drug Enforcement Assistance [DEA]
Immigration and Naturalization Service [INS]
Legal Services Corporation
U.S. Customs Service
U.S. Prisons
Federal Judiciary System
Law Enforcement Assistance
Juvenile Delinquency Prevention
Secret Service

Major Federal departments and agencies in this function:

Department of Justice
Department of the Treasury
Legal Services Corporation

Function 800: General Government

801: Legislative Functions
802: Executive Direction and Management
803: Central Fiscal Operations
804: General Property and Records Management
805: Central Personnel Management
806: Other General Government
809: Deductions for Offsetting Receipts

Description of function:

This function covers the general overhead costs of the Federal Government. By far the largest proportion of new budget authority and outlays are attributable to operations of the Treasury Department (including the Internal Revenue Service). The balance is distributed among a large number of relatively small accounts. The Legislative Branch typically accounts for about one-fifth of the net total.

Major Federal programs in this function:

Legislative Branch Activities
Federal Buildings Fund
Income-Tax Administration

Major Federal departments and agencies in this function:

Congress and its Agencies
Executive Office of the President
Department of the Treasury
General Services Administration
Office of Personnel Management
Department of the Interior: Office of Territories

Function 850: General Purpose Fiscal Assistance

851: General Revenue Sharing
852: Other General Purpose Fiscal Assistance

BEST COPY AVAILABLE

Description of function:

The General Revenue Sharing program accounts for about 70 percent of this function. The balance of the function is comprised of payments and loans to the District of Columbia, along with the return of portion of certain taxes and other charges to States, local governments, and territories.

Major Federal programs in this function:

General Revenue Sharing
District of Columbia Federal Payment
Payments in Lieu of Taxes to States and Countries [PILT]
Payments to Territories

Major Federal departments and agencies in this function:

Department of the Treasury
Department of the Interior

Function 900: Net Interest

901: Interest on the Public Debt
902: Interest Received by Trust Funds
908: Other Interest

Description of function:

This function is composed principally of interest on the public debt, to which are added minor amounts of other interest paid by the Federal Government (interest on income tax refunds, for example) and from which are deducted offsetting interest receipts, such as interest received by trust funds and interest paid by the Federal Financing Bank on its off-budget borrowings from the Treasury. The Treasury Department accordingly accounts for almost all of the transactions in this function.

Major Federal programs in this function:

Interest on the Public Debt
Interest Received by Trust Funds
Interest Received from Federal Financing Bank

Major Federal departments and agencies in this function:

Department of the Treasury

Function 920: Allowances

Description of function:

This function includes an amount for the civilian agency pay raises which are assumed for the budget year and projected for future years. It also may include amounts for contingencies or other budget initiatives, where the specific funding levels, by function, have not yet been determined.

Major Federal programs in this function:

Civilian Agency Pay Raise
Contingencies for Other Requirements

Function 950: Undistributed Offsetting Receipts

951: Employer Share Employee Retirement
953: Rents and Royalties on the Outer Continental Shelf

Description of function:

Undistributed offsetting receipts involve financial transactions that are deducted from budget authority and outlays of the Government as a whole. The two items in this function are the employer's share of employee retirement programs, composed of the Federal Government's contribution to its employee retirement plans, receipts from the sale of leases on Outer Continental Shelf [OCS] lands, from annual rental fees, and from royalties on oil and gas production from leased Federal lands.

BEST COPY AVAILABLE

ATTACHMENT "E"

FIRST CONCURRENT RESOLUTION ON THE BUDGET—FISCAL YEAR 1986

AUGUST 1, 1985.—Ordered to be printed

Mr. GRAY of Pennsylvania, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany S. Con. Res. 32]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the concurrent resolution (S. Con. Res. 32), setting forth the congressional budget for the United States Government for the fiscal years 1986, 1987, and 1988 and revising the congressional budget for the United States Government for the fiscal year 1985, having met, after full and free conference, been unable to agree on a conference report because the conference decisions have changed certain budget figures outside the scope of the conference. As set forth in the accompanying Joint Explanatory Statement, the conferees do propose a congressional budget incorporated in a further amendment for the consideration of the two Houses.

WILLIAM H. GRAY III,
JIM WRIGHT,
THOMAS J. DOWNEY,
MIKE LOWRY,
BUTLER DERRICK,
VIC FAZIO,
GEO. MILLER,
MARTIN FROST,
DELBERT LATTA,
JACK KEMP,
LYNN MARTIN,
BOBBI FIEDLER,
BEAU BOULTER,
Managers on the Part of the House.

BEST COPY AVAILABLE

PETE V. DOMENICI,
WILLIAM L. ARMSTRONG,
NANCY LANDON KASSEBAUM,
RUDY BOSCHWITZ,
SLADE GORTON,
LAWTON CHILES,
J. BENNETT JOHNSTON,
JIM SASSER,
Managers on the Part of the Senate.

BEST COPY AVAILABLE

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the House to the concurrent resolution (S. Con. Res. 32), setting forth the congressional budget for the United States Government for the fiscal years 1986, 1987, and 1988 and revising the congressional budget for the United States Government for the fiscal year 1985, report that the conferees have been unable to agree. This is a technical disagreement, necessitated by the fact that in some instances the conference decisions include figures which (for purely technical reasons) would fall outside the range between the corresponding House and Senate provisions.

It is the intention of the conferees that the following amendment will be considered in the House and in the Senate.

The managers on the part of the House and the Senate submit the following joint statement in explanation of the action agreed upon by the managers:

The substitute language which is to be offered (and which should be considered the language of the concurrent resolution as recommended in the conference report for purposes of section 302(a) of the Congressional Budget Act of 1974)—hereinafter in this statement referred to as the "conference substitute"—is as follows:

That the Congress hereby determines and declares that the concurrent resolution on the budget for fiscal year 1985 is hereby revised and replaced, the first concurrent resolution on the budget for fiscal year 1986 is hereby established, and the appropriate budgetary levels for fiscal years 1987 and 1988 are hereby set forth.

(a) The following budgetary levels are appropriate for the fiscal years beginning on October 1, 1984, October 1, 1985, October 1, 1986, and October 1, 1987:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1985: $736,500,000,000.
Fiscal year 1986: $795,700,000,000.
Fiscal year 1987: $869,400,000,000.
Fiscal year 1988: $960,100,000,000.

and the amounts by which the aggregate levels of Federal revenues should be increased are as follows:

Fiscal year 1985: $0.
Fiscal year 1986: $3,000,000,000.
Fiscal year 1987: $5,100,000,000.
Fiscal year 1988: $7,600,000,000.

and the amounts for Federal Insurance Contributions Act revenues for hospital insurance within the recommended levels of Federal revenues are as follows:

Fiscal year 1985: $44,800,000,000.
Fiscal year 1986: $50,900,000,000.
Fiscal year 1987: $56,100,000,000.
Fiscal year 1988: $61,200,000,000.

and the amounts for Federal Insurance Contributions Act revenues for old-age, survivors, and disability insurance within the recommended levels of Federal revenues are as follows:

Fiscal year 1985: $186,200,000,000.
Fiscal year 1986: $200,400,000,000.
Fiscal year 1987: $216,800,000,000.
Fiscal year 1988: $248,000,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1985: $1,062,100,000,000.
Fiscal year 1986: $1,069,700,000,000.
Fiscal year 1987: $1,137,950,000,000.
Fiscal year 1988: $1,216,450,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1985: $946,300,000,000.
Fiscal year 1986: $967,600,000,000.
Fiscal year 1987: $1,024,100,000,000.
Fiscal year 1988: $1,073,000,000,000.

(4) The amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1985: $209,800,000,000
Fiscal year 1986: $171,900,000,000.
Fiscal year 1987: $154,700,000,000.
Fiscal year 1988: $112,900,000,000.

(5) The appropriate levels of the public debt are as follows:

Fiscal year 1985: $1,847,800,000,000.
Fiscal year 1986: $2,078,700,000,000.
Fiscal year 1987: $2,301,900,000,000.
Fiscal year 1988: $2,507,000,000,000.

and the amounts by which the statutory limits on such debt should be accordingly increased are as follows:

Fiscal year 1985: $24,000,000,000.
Fiscal year 1986: $230,900,000,000.
Fiscal year 1987: $223,200,000,000.
Fiscal year 1988: $205,100,000,000.

(6) The appropriate levels of total Federal credit activity for the fiscal years beginning on October 1, 1984, October 1, 1985, October 1, 1986, and October 1, 1987, are as follows:

Fiscal year 1985:

(A) New direct loan obligations, $52,850,000,000.

(B) New primary loan guarantee commitments, $69,350,000,000.

(C) New secondary loan guarantee commitments, $68,200,000,000.

Fiscal year 1986:

(A) New direct loan obligations, $34,400,000,000.

BEST COPY AVAILABLE

(B) New primary loan guarantee commitments, $80,150,000,000.

(C) New secondary loan guarantee commitments, $68,200,000,000.

Fiscal year 1987:

(A) New direct loan obligations, $32,150,000,000.

(B) New primary loan guarantee commitments, $79,050,000,000.

(C) New secondary loan guarantee commitments, $68,200,000,000.

Fiscal year 1988:

(A) New direct loan obligations, $31,400,000,000.

(B) New primary loan guarantee commitments, $84,000,000,000.

(C) New secondary loan guarantee commitments, $68,200,000,000.

(b) The Congress hereby determines and declares the appropriate levels of budget authority and budget outlays, and the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments, for fiscal years 1985 through 1988 for each major functional category are:

(1) National Defense (050):

Fiscal year 1985:

(A) New budget authority, $292,600,000,000.

(B) Outlays, $249,400,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:

(A) New budget authority, $302,500,000,000.

(B) Outlays, $267,100,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:

(A) New budget authority, $323,400,000,000.

(B) Outlays, $285,200,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1988:

(A) New budget authority, $346,800,000,000.

(B) Outlays, $303,900,000,000.

(C) New direct loan obligations, $0.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

(2) International Affairs (150):

Fiscal year 1985:

(A) New budget authority, $24,700,000,000.

(B) Outlays, $17,200,000,000.

(C) New direct loan obligations, $11,500,000,000.

(D) New primary loan guarantee commitments, $10,300,000,000.

60-607 O - 86 - 5

BEST COPY AVAILABLE

(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $21,300,000,000.
(B) Outlays, $18,850,000,000.
(C) New direct loan obligations, $9,900,000,000.
(D) New primary loan guarantee commitments, $12,300,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $20,100,000,000.
(B) Outlays, $17,300,000,000.
(C) New direct loan obligations, $9,600,000,000.
(D) New primary loan guarantee commitments, $12,300,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1988:
(A) New budget authority, $19,900,000,000.
(B) Outlays, $16,450,000,000.
(C) New direct loan obligations, $9,700,000,000.
(D) New primary loan guarantee commitments, $12,300,000,000.
(E) New secondary loan guarantee commitments, $0.
(3) General Science, Space, and Technology (250):
Fiscal year 1985:
(A) New budget authority, $9,100,000,000.
(B) Outlays, $8,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $9,100,000,000.
(B) Outlays, $8,900,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $9,050,000,000.
(B) Outlays, $8,900,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1988:
(A) New budget authority, $9,300,000,000.
(B) Outlays, $9,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(4) Energy (270):
Fiscal year 1985:
(A) New budget authority, $900,000,000.
(B) Outlays, $5,500,000,000.
(C) New direct loan obligations, $2,100,000,000.
(D) New primary loan guarantee commitments, $100,000,000.

BEST COPY AVAILABLE

(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $5,900,000,000.
(B) Outlays, $5,550,000,000.
(C) New direct loan obligations, $2,100,000,000.
(D) New primary loan guarantee commitments, $4,100,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $5,850,000,000.
(B) Outlays, $5,150,000,000.
(C) New direct loan obligations, $2,100,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1988:
(A) New budget authority, $4,950,000,000.
(B) Outlays, $4,450,000,000.
(C) New direct loan obligations, $2,100,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(5) Natural Resources and Environment (300):
Fiscal year 1985:
(A) New budget authority, $13,100,000,000.
(B) Outlays, $13,000,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $13,100,000,000.
(B) Outlays, $13,000,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $13,200,000,000.
(B) Outlays, $12,750,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1988:
(A) New budget authority, $13,150,000,000.
(B) Outlays, $12,950,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(6) Agriculture (350):
Fiscal year 1985:
(A) New budget authority, $27,000,000,000.
(B) Outlays, $23,300,000,000.
(C) New direct loan obligations, $13,800,000,000.
(D) New primary loan guarantee commitments, $5,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:

BEST COPY AVAILABLE

(A) New budget authority, $18,300,000,000.
(B) Outlays, $15,550,000,000.
(C) New direct loan obligations, $13,600,000,000.
(D) New primary loan guarantee commitments, $6,400,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $17,700,000,000.
(B) Outlays, $16,250,000,000.
(C) New direct loan obligations, $11,400,000,000.
(D) New primary loan guarantee commitments, $5,600,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1988:
(A) New budget authority, $16,200,000,000.
(B) Outlays, $13,750,000,000.
(C) New direct loan obligations, $10,500,000,000.
(D) New primary loan guarantee commitments, $6,900,000,000.
(E) New secondary loan guarantee commitments, $0.
(7) Commerce and Housing Credit (370):
Fiscal year 1985:
(A) New budget authority, $12,600,000,000.
(B) Outlays, $5,500,000,000.
(C) New direct loan obligations, $6,500,000,000.
(D) New primary loan guarantee commitments, $26,900,000,000.
(E) New secondary loan guarantee commitments, $68,200,000,000.
Fiscal year 1986:
(A) New budget authority, $7,700,000,000.
(B) Outlays, $3,700,000,000.
(C) New direct loan obligations, $5,000,000,000.
(D) New primary loan guarantee commitments, $28,200,000,000.
(E) New secondary loan guarantee commitments, $68,200,000,000.
Fiscal year 1987:
(A) New budget authority, $7,700,000,000.
(B) Outlays, $3,450,000,000.
(C) New direct loan obligations, $5,300,000,000.
(D) New primary loan guarantee commitments, $29,900,000,000.
(E) New secondary loan guarantee commitments, $68,200,000,000.
Fiscal year 1988:
(A) New budget authority, $7,850,000,000.
(B) Outlays, $5,200,000,000.
(C) New direct loan obligations, $5,400,000,000.
(D) New primary loan guarantee commitments, $31,700,000,000.
(E) New secondary loan guarantee commitments, $68,200,000,000.
(8) Transportation (400):

BEST COPY AVAILABLE

Fiscal year 1985:

(A) New budget authority, $29,400,000,000.

(B) Outlays, $26,000,000,000.

(C) New direct loan obligations, $300,000,000.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:

(A) New budget authority, $26,850,000,000.

(B) Outlays, $25,800,000,000.

(C) New direct loan obligations, $200,000,000.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:

(A) New budget authority, $28,900,000,000.

(B) Outlays, $27,700,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1988:

(A) New budget authority, $29,750,000,000.

(B) Outlays, $28,100,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $300,000,000.

(E) New secondary loan guarantee commitments, $0.

(9) Community and Regional Development (450):

Fiscal year 1985:

(A) New budget authority, $8,300,000,000.

(B) Outlays, $8,400,000,000.

(C) New direct loan obligations, $1,700,000,000.

(D) New primary loan guarantee commitments, $200,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:

(A) New budget authority, $6,950,000,000.

(B) Outlays, $8,050,000,000.

(C) New direct loan obligations, $1,100,000,000.

(D) New primary loan guarantee commitments, $200,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:

(A) New budget authority, $6,900,000,000.

(B) Outlays, $7,300,000,000.

(C) New direct loan obligations, $1,200,000,000.

(D) New primary loan guarantee commitments, $200,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1988:

(A) New budget authority, $7,200,000,000.

(B) Outlays, $6,850,000,000.

(C) New direct loan obligations, $1,300,000,000.

BEST COPY AVAILABLE

(D) New primary loan guarantee commitments, $200,000,000.

(E) New secondary loan guarantee commitments, $0.

(10) Education, Training, Employment, and Social Services (500):

Fiscal year 1985:

(A) New budget authority, $32,100,000,000.

(B) Outlays, $30,400,000,000.

(C) New direct loan obligations, $1,200,000,000.

(D) New primary loan guarantee commitments, $8,800,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:

(A) New budget authority, $31,550,000,000.

(B) Outlays, $30,850,000,000.

(C) New direct loan obligations, $1,100,000,000.

(D) New primary loan guarantee commitments, $9,000,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:

(A) New budget authority, $32,350,000,000.

(B) Outlays, $31,350,000,000.

(C) New direct loan obligations, $1,100,000,000.

(D) New primary loan guarantee commitments, $9,400,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1988:

(A) New budget authority, $32,950,000,000.

(B) Outlays, $32,100,000,000.

(C) New direct loan obligations, $1,100,000,000.

(D) New primary loan guarantee commitments, $9,600,000,000.

(E) New secondary loan guarantee commitments, $0.

(11) Health (550):

Fiscal year 1985:

(A) New budget authority, $33,600,000,000.

(B) Outlays, $33,500,000,000.

(C) New direct loan obligations, $50,000,000.

(D) New primary loan guarantee commitments, $250,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1986:

(A) New budget authority, $36,000,000,000.

(B) Outlays, $34,900,000,000.

(C) New direct loan obligations, $50,000,000.

(D) New primary loan guarantee commitments, $250,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1987:

(A) New budget authority, $38,400,000,000.

(B) Outlays, $37,800,000,000.

(C) New direct loan obligations, $50,000,000.

(D) New primary loan guarantee commitments, $250,000,000.

BEST COPY AVAILABLE

(E) New secondary loan guarantee commitments, $0.
Fiscal year 1988:
(A) New budget authority, $41,100,000,000.
(B) Outlays, $40,700,000,000.
(C) New direct loan obligations, $50,000,000.
(D) New primary loan guarantee commitments, $300,000,000.
(E) New secondary loan guarantee commitments, $0.
(12) Medical Insurance (570):
Fiscal year 1985:
(A) New budget authority, $72,000,000,000.
(B) Outlays, $65,900,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $81,500,000,000.
(B) Outlays, $69,200,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $90,600,000,000.
(B) Outlays, $76,400,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1988:
(A) New budget authority, $94,200,000,000.
(B) Outlays, $84,900,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(13) Income Security (600):
Fiscal year 1985:
(A) New budget authority, $164,500,000,000.
(B) Outlays, $128,900,000,000.
(C) New direct loan obligation, $14,300,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $155,100,000,000.
(B) Outlays, $119,050,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $1,800,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $163,750,000,000.
(B) Outlays, $124,200,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments. $2,300,000,000.
(E) New secondary loan guarantee commitments, $0.

BEST COPY AVAILABLE

Fiscal year 1988:
(A) New budget authority, $172,400,000,000.
(B) Outlays, $130,600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $1,800,000,000.
(E) New secondary loan guarantee commitments, $0.

(14) Social Security (650):
Fiscal year 1985:
(A) New budget authority, $198,700,000,000.
(B) Outlays, $189,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $207,200,000,000.
(B) Outlays, $200,800,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $224,750,000,000.
(B) Outlays, $214,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1988:
(A) New budget authority, $264,600,000,000.
(B) Outlays, $228,100,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

(15) Veterans Benefits and Services (700):
Fiscal year 1985:
(A) New budget authority, $27,400,000,000.
(B) Outlays, $26,400,000,000.
(C) New direct loan obligations, $1,300,000,000.
(D) New primary loan guarantee commitments, $16,800,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $27,450,000,000.
(B) Outlays, $26,800,000,000.
(C) New direct loan obligations, $1,300,000,000.
(D) New primary loan guarantee commitments, $17,600,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $27,550,000,000.
(B) Outlays, $27,250,000,000.
(C) New direct loan obligations, $1,200,000,000.
(D) New primary loan guarantee commitments, $18,800,000,000.
(E) New secondary loan guarantee commitments, $0.

BEST COPY AVAILABLE

Fiscal year 1988:
(A) New budget authority, $27,900,000,000.
(B) Outlays, $27,650,000,000.
(C) New direct loan obligations, $1,100,000,000.
(D) New primary loan guarantee commitments, $20,900,000,000.
(E) New secondary loan guarantee commitments, $0.

(16) Administration of Justice (750):
Fiscal year 1985:
(A) New budget authority, $6,700,000,000.
(B) Outlays, $6,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $6,900,000,000.
(B) Outlays, $6,800,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $7,050,000,000.
(B) Outlays, $7,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1988:
(A) New budget authority, $7,200,000,000.
(B) Outlays, $7,150,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

(17) General Government (800):
Fiscal year 1985:
(A) New budget authority, $5,700,000,000.
(B) Outlays, $5,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $5,500,000,000.
(B) Outlays, $5,450,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $5,300,000,000.
(B) Outlays, $5,200,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1988:
(A) New budget authority, $5,500,000,000.
(B) Outlays, $5,450,000,000.

(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

(18) General Purpose Fiscal Assistance (850):
Fiscal year 1985:
(A) New budget authority, $6,400,000,000.
(B) Outlays, $6,400,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $6,500,000,000.
(B) Outlays, $6,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, $2,000,000,000.
(B) Outlays, $3,200,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1988:
(A) New budget authority, $2,100,000,000.
(B) Outlays, $2,100,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

(19) Net Interest (900):
Fiscal year 1985:
(A) New budget authority, $129,200,000,000.
(B) Outlays, $129,200,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, $142,300,000,000.
(B) Outlays, $142,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan commitments, $0.
Fiscal year 1987:
(A) New budget authority, $152,500,000,000.
(B) Outlays, $152,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1988:
(A) New budget authority, $155,000,000,000.
(B) Outlays, $155,000,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

(20) Allowances (920):

BEST COPY AVAILABLE

Fiscal year 1985:
(A) New budget authority, $500,000,000.
(B) Outlays, $0.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, −$2,100,000,000.
(B) Outlays, −$1,650,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, −$2,000,000,000.
(B) Outlays, −$1,700,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1988:
(A) New budget authority, −$700,000,000.
(B) Outlays, −$500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
(21) Undistributed Offsetting Receipts (950):
Fiscal year 1985:
(A) New budget authority, −$32,400,000,000.
(B) Outlays, −$32,400,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1986:
(A) New budget authority, −$39,900,000,000.
(B) Outlays, −$39,900,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1987:
(A) New budget authority, −$37,100,000,000.
(B) Outlays, −$37,100,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1988:
(A) New budget authority, −$40,900,000,000.
(B) Outlays, −$40,900,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.

RECONCILIATION

SEC. 2. (a) Not later than September 27, 1985, the committees named in subsections (b) through (z) of this section shall submit

BEST COPY AVAILABLE

their recommendations to the Committees on the Budget of their respective Houses. After receiving those recommendations, the Committees on the budget shall report to the House and Senate a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

SENATE COMMITTEES

(b) The Senate Committee on Agriculture, Nutrition, and Forestry shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction other than those which provide spending authority as defined in section 401(c)(2)(C) of the Act, sufficient to achieve savings in budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $1,250,000,000 in outlays in fiscal year 1986, $0 in budget authority and $2,050,000,000 in outlays in fiscal year 1987, and $0 in budget authority and $4,600,000,000 in outlays in fiscal year 1988.

(c) The Senate Committee on Armed Services shall report changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to achieve savings of $0 in budget authority and $100,000,000 in outlays in fiscal year 1986, $0 in budget authority and $200,000,000 in outlays in fiscal year 1987, and $0 in budget authority and $300,000,000 in outlays in fiscal year 1988.

(d) The Senate Committee on Banking, Housing, and Urban Affairs shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction other than those which provide spending authority as defined in section 401(c)(2)(C) of the Act, sufficient to achieve savings in budget authority and outlays, or (3) any combination thereof, as follows: $2,374,000,000 in budget authority and $2,814,000,000 in outlays in fiscal year 1986, $2,828,000,000 in budget authority and $3,685,000,000 in outlays in fiscal year 1987, and $2,998,000,000 in budget authority and $3,821,000,000 in outlays in fiscal year 1988.

(e) The Senate Committee on Commerce, Science, and Transportation shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction other than those which provide spending authority as defined in section 401(c)(2)(C) of the Act, sufficient to achieve savings in budget authority and outlays, or (3) any combination thereof, as follows: $328,000,000 in budget authority and $310,000,000 in outlays in fiscal year 1986, $133,000,000 in budget authority and $119,000,000 in outlays in fiscal year 1987, and $135,000,000 in budget authority and $130,000,000 in outlays in fiscal year 1988.

(f) The Senate Committee on Energy and Natural Resources shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congres-

BEST COPY AVAILABLE

sional Budget Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction other than those which provide spending authority as defined in section 401(c)(2)(C) of the Act, or (3) any combination thereof, sufficient to achieve the following: savings of $5,485,000,000 in budget authority and $5,403,000,000 in outlays in fiscal year 1986, increases of $291,000,000 in budget authority and $147,000,000 in outlays in fiscal year 1987, and savings of $337,000,000 in budget authority and $314,000,000 in outlays in fiscal year 1988.

(g) The Senate Committee on Environment and Public Works shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction other than those which provide spending authority as defined in section 401(c)(2)(C) of the Act, sufficient to achieve savings in budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $200,000,000 in outlays in fiscal year 1986, $0 in budget authority and $850,000,000 in outlays in fiscal year 1987, and $0 in budget authority and $1,050,000,000 in outlays in fiscal year 1988.

(h)(1) The Senate Committee on Finance shall report (A) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (B) changes in laws within its jurisdiction other than those which provide spending authority as defined in section 401(c)(2)(C) of the Act, sufficient to achieve savings in budget authority and outlays, or (C) any combination thereof, as follows: $0 in budget authority and $3,307,000,000 in outlays in fiscal year 1986, $0 in budget authority and $7,951,000,000 in outlays in fiscal year 1987, and $0 in budget authority and $10,908,000,000 in outlays in fiscal year 1988.

(2) The Senate Committee on Finance shall report changes in laws within the jurisdiction of the committee sufficient to increase revenues as follows: $1,800,000,000 in fiscal year 1986; $3,000,000,000 in fiscal year 1987; and $3,600,000,000 in fiscal year 1988.

(i) The Senate Committee on Governmental Affairs shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, (2) changes in laws within its jurisdiction other than those which provide spending authority as defined in section 401(c)(2)(C) of the Act, sufficient to achieve savings in budget authority and outlays, or (3) any combination thereof, as follows: $0 in budget authority and $3,219,000,000 in outlays in fiscal year 1986, $0 in budget authority and $4,421,000,000 in outlays in fiscal year 1987, and $0 in budget authority and $4,986,000,000 in outlays in fiscal year 1988.

(j) The Senate Committee on Labor and Human Resources shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction other than those which provide spending authority as defined in section 401(c)(2)(C) of the Act, sufficient to achieve savings in budget authority and out-

lays, or (3) any combination thereof, as follows: $670,000,000 in budget authority and $170,000,000 in outlays in fiscal year 1986, $860,000,000 in budget authority and $535,000,000 in outlays in fiscal year 1987, and $1,085,000,000 in budget authority and $960,000,000 in outlays in fiscal year 1988.

(k) The Senate Committee on Small Business shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction other than those which provide spending authority as defined in section 401(c)(2)(C) of the Act, sufficient to achieve savings in budget authority and outlays, or (3) any combination thereof, as follows: $448,000,000 in budget authority and $509,000,000 in outlays in fiscal year 1986, $564,000,000 in budget authority and $972,000,000 in outlays in fiscal year 1987, and $1,060,000,000 in budget authority and $998,000,000 in outlays in fiscal year 1988.

(l) The Senate Committee on Veterans' Affairs shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction other than those which provide spending authority as defined in section 401(c)(2)(C) of the Act, sufficient to achieve savings in budget authority and outlays, or (3) any combination thereof, as follows: $300,000,000 in budget authority and $300,000,000 in outlays in fiscal year 1986, $400,000,000 in budget authority and $400,000,000 in outlays in fiscal year 1987, and $450,000,000 in budget authority and $450,000,000 in outlays in fiscal year 1988.

(m) The House Committee on Agriculture shall report changes in laws within the jurisdiction of that committee sufficient to reduce outlays by $1,250,000,000 in fiscal year 1986; to reduce outlays by $2,050,000,000 in fiscal year 1987; and to reduce outlays by $4,600,000,000 in fiscal year 1988.

(n) The House Committee on Armed Services shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays by $100,000,000 in fiscal year 1986; to reduce outlays by $200,000,000 in fiscal year 1987; and to reduce outlays by $300,000,000 in fiscal year 1988.

(o) The House Committee on Banking, Finance and Urban Affairs shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction other than those which provide spending authority as defined in section 401(c)(2)(C) of the Act, sufficient to achieve savings in budget authority and outlays, or (3) any combination thereof, as follows: $2,374,000,000 in budget authority and $2,814,000,000 in outlays in fiscal year 1986; $2,828,000,000 in budget authority and $3,685,000,000 in outlays in fiscal year 1987, and $2,998,000,000 in budget authority and $3,821,000,000 in outlays in fiscal year 1988.

BEST COPY AVAILABLE

(p) The House Committee on Education and Labor shall report changes in laws within the jurisdiction of that committee sufficient to reduce budget authority by $670,000,000 and outlays by $470,000,000 in fiscal year 1986; to reduce budget authority by $860,000,000 and outlays by $835,000,000 in fiscal year 1987; and to reduce budget authority by $1,085,000,000 and outlays by $1,260,000,000 in fiscal year 1988.

(q) The House Committee on Energy and Commerce shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction other than those which provide spending authority as defined in section 401(c)(2)(C) of the Act, sufficient to achieve savings in budget authority and outlays, or (3) any combination thereof, as follows: $1,513,000,000 in budget authority and $3,947,000,000 in outlays in fiscal year 1986, $1,246,000,000 in budget authority and $5,008,000,000 in outlays in fiscal year 1987, and $1,401,000,000 in budget authority and $6,512,000,000 in outlays in fiscal year 1988.

(r) The House Committee on Government Operations shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce outlays by $0 in fiscal year 1986; to reduce outlays by $3,526,000,000 in fiscal year 1987; and to reduce outlays by $4,956,000,000 in fiscal year 1988.

(s) The House Committee on Interior and Insular Affairs shall report changes in laws within the jurisdiction of that committee sufficient to reduce budget authority by $4,000,000,000 and outlays by $4,000,000,000 in fiscal year 1986; to increase budget authority by $1,504,000,000 and outlays by $1,504,000,000 in fiscal year 1987; and to increase budget authority by $1,029,000,000 and outlays by $1,029,000,000 in fiscal year 1988.

(t) The House Committee on Judiciary shall report changes in laws within the jurisdiction of that committee sufficient to reduce budget authority by $570,000,000 and outlays by $70,000,000 in fiscal year 1986; to reduce budget authority by $610,000,000 and outlays by $285,000,000 in fiscal year 1987; and to reduce budget authorty by $635,000,000 and outlays by $510,000,000 in fiscal year 1988.

(u) The House Committee on Merchant Marine and Fisheries shall report changes in laws within the jurisdiction of that committee sufficient to reduce budget authority by $300,000,000 and outlays by $300,000,000 in fiscal year 1986; to reduce budget authority by $100,000,000 and outlays by $100,000,000 in fiscal year 1987; and to reduce budget authority by $100,000,000 and outlays by $100,000,000 in fiscal year 1988.

(v) The House Committee on Post Office and Civil Service shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its juridiction other than those which provide spending authority as defined in section 401(c)(2)(C) of the Act, sufficient to achieve savings in budget authority and outlays, or (3) any combination thereof, as follows: $3,219,000,000 in

outlays in fiscal year 1986, $4,421,000,000 in outlays in fiscal year 1987, and $4,986,000,000 in outlays in fiscal year 1988.

(w) The House Committee on Public Works and Transportation shall report changes in laws within the jurisdiction of that committee sufficient to reduce outlays by $200,000,000 in fiscal year 1986, to reduce outlays by $850,000,000 in fiscal year 1987, and to reduce outlays by $1,050,000,000 in fiscal year 1988.

(x) The House Committee on Small Business shall report (1) changes in laws within its jurisdiction which provide spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974, sufficient to reduce budget authority and outlays, (2) changes in laws within its jurisdiction other than those which provide spending authority as defined in section 401(c)(2)(C) of the Act, sufficient to achieve savings in budget authority and outlays, or (3) any combination thereof, as follows: $448,000,000 in budget authority and $509,000,000 in outlays in fiscal year 1986, $564,000,000 in budget authority and $972,000,000 in outlays in fiscal year 1987, and $1,060,000,000 in budget authority and $998,000,000 in outlays in fiscal year 1988.

(y) The House Committee on Veterans' Affairs shall report changes in laws within the jurisdiction of that committee sufficient to reduce budget authority by $300,000,000 and outlays by $300,000,000 in fiscal year 1986; to reduce budget authority $400,000,000 and outlays by $400,000,000 in fiscal year 1987; and to reduce budget authority by $450,000,000 and outlays by $450,000,000 in fiscal year 1988.

(z) The House Committee on Ways and Means shall report changes in laws within the jurisdiction of that committee sufficient to reduce the budget deficit by $5,027,000,000 in fiscal year 1986; to reduce the budget deficit by $7,245,000,000 in fiscal year 1987; and to reduce the budget deficit by $9,362,000,000 in fiscal year 1988.

MISCELLANEOUS PROVISIONS

AUTOMATIC SECOND BUDGET RESOLUTION

SEC. 3. (a) If the Congress has not completed action by October 1, 1985, on the concurrent resolution on the budget required to be reported under section 310(a) of the Congressional Budget Act of 1974 for fiscal year 1986, then, for purposes of section 311 of such Act, this concurrent resolution shall be deemed to be the concurrent resolution required to be reported under section 310 of such Act.

(b) In the House of Representatives, section 311(a) of the Congressional Budget Act of 1974, as made applicable by subsection (a) of this section, shall not apply to bills, resolutions, or amendments within the jurisdiction of a committee, or any conference report on any such bill or resolution, if—

(1) the enactment of such bill or resolution as reported;

(2) the adoption and enactment of such amendment; or

(3) the enactment of such bill or resolution in the form recommended in such conference report;

would not cause the appropriate allocation for such committee of new discretionary budget authority or new spending authority as described in section 401(c)(2)(C) of the Congressional Budget Act of

BEST COPY AVAILABLE

1974 made pursuant to section 302(a) of such Act for fiscal year 1986 to be exceeded.

TAX REFORM

SEC. 4. (a) The Congress finds that—

(1) the existing tax structure of the United States distorts economic activity, leading to an inefficient use of national resources and a weakening of our domestic economic vitality and competitive posture in international markets;

(2) the relative tax burdens among various taxpayer categories are manifestly unfair insofar as they arise from differences in the capabilities of taxpayers to take advantage of complicated tax laws;

(3) the ability of the Federal Government to plan and conduct rational fiscal policy is frustrated by elaborate schemes to avoid taxation and the unintended effects of tax incentives and penalties;

(4) progressive erosion of voluntary compliance threatens the fiscal integrity of our public finances and the confidence of our citizens in the Federal Government's capacity to govern; and

(5) a number of plans, each designed to simplify and reform the Tax Code, have been before the Congress for a time sufficient to allow for extensive analysis and evaluation.

(b) It is therefore the sense of the Congress that tax reform should be adopted as soon as possible, and that it should incorporate the following principles and objectives:

(1) efficiency and responsiveness to market conditions in the economic activities of American businesses and consumers;

(2) simplicity of structure and lower marginal tax rates;

(3) a fair and equitable distribution of the tax burden among all taxpayers, with relief for those below the poverty level, and incentives to bring them into the work force;

(4) a broader tax base, with deductions essential to avoid genuine hardship or to protect the economic security of the American people; and

(5) increased incentives for work, saving, and investment.

CBO SCOREKEEPING REQUIREMENTS

SEC. 5. It is the sense of the Senate that because the Senate requires timely reporting of legislative action on spending bills, and because the Senate requires continual control over the budget, the Director of the Congressional Budget Office shall issue a weekly report during periods when the Senate is in session detailing and tabulating the progress of congressional action on bills and resolutions providing new budget authority and changing revenues and the public debt for a fiscal year, including, but not limited to the requirements set forth in Public Law 93-344, section 308(b).

FARM LOSS DEDUCTION

SEC. 6. It is the sense of the Senate that revenues should be increased and it is assumed that tax legislation will be enacted to limit to the national median family income the amount of farm loss

BEST COPY AVAILABLE

which may be deducted against nonfarm income, and it is further assumed that revenues derived from enactment of such legislation be used to reduce individual income tax rates and to assure that full-time, family-size farm operators will not be disadvantaged by unfair competition from high-income taxpayers with substantial nonfarm income.

ENHANCED TAX LAW ENFORCEMENT

SEC. 7. It is the sense of the Congress that revenues should be increased and it is assumed that the Committees on Finance and Ways and Means will develop legislation to reduce the tax enforcement gap, estimated by the Internal Revenue Service at $92,000,000,000 in fiscal year 1986. It is further assumed that such legislation should provide for increased and improved enforcement and collection, through audits, examinations, and other steps designed to identify and eliminate tax cheating and increase revenue collections from individuals and corporations currently evading Federal taxes, and that the legislation should include steps designed to increase voluntary compliance with tax laws and that such steps may include increased staff for taxpayer assistance, speedier processing of returns and provision of public information designed to build public trust and understanding of Internal Revenue Service enforcement efforts and that such legislation should also provide that the resources of the Internal Revenue Service shall be increased to accomplish full enforcement of United States tax laws, increasing voluntary compliance.

INTERNATIONAL MONETARY CONFERENCE

SEC. 8. It is the sense of the Congress that the Administration should consider convening a high level meeting of the major industrial countries for the express purpose of exploring options to improve the functioning of the international monetary system, including measures to stabilize currency exchange rates, reduce interest rates, promote maximum domestic and world economic growth, and help assure domestic price stability.

COMMITTEE REVIEW OF THE PRESIDENT'S PRIVATE SECTOR SURVEY ON COST CONTROL

SEC. 9. It is the sense of the House of Representatives that—

(1) each of its standing committees should review and study, on a continuing basis, those portions of the President's Private Sector Survey on Cost Control affecting subjects within its jurisdiction;

(2) each of its standing committees should, in its consideration of any bill or joint resolution of a public character within its jurisdiction, review those portions of the President's Private Sector Survey on Cost Control pertaining to such bill or resolution; and

(3) each report of any such committee on a bill or joint resolution of a public character should contain—

(A) an identification of each recommendation of the President's Private Sector Survey on Cost Control imple-

BEST COPY AVAILABLE

mented in such bill or resolution and the estimated dollar amount of program cost savings or revenue enhancement as a result of the implementation of each such recommendation; and

(B) a statement setting forth each recommendation of the President's Private Sector Survey on Cost Control pertaining to such bill or resolution, the disposition of each such recommendation, and the reasons for such disposition.

LIMITATION ON BENEFITS TO ALIENS

SEC. 10. It is the sense of the Congress that functional totals should be reduced to reflect a limitation on the amount of social security benefits paid to illegal and nonresident aliens. It is assumed that the Finance Committee and the Ways and Means Committee will report legislation to accomplish the required changes in law. Such legislation may limit benefits to the amount of wage-earner's contribution plus interest, unless the wage-earner is a citizen of a country with which the United States has a treaty or totalization ageement and that this provision would apply to individuals becoming eligible on or after January 1, 1986.

EXPLANATION OF CONFERENCE SUBSTITUTE

The following tables show the functional allocations and budget aggregates included in the conference substitute. The numbers in the fiscal year 1985 columns reflect revisions of the second budget resolution for fiscal year 1985. The fiscal year 1986 columns show the budget aggregates and functional allocations for the first budget resolution for fiscal year 1986. The columns for fiscal year 1987 and fiscal year 1988 show budget aggregates and functional allocations which the conferees consider appropriate for those years.

CONFERENCE SUBSTITUTE, FIRST BUDGET RESOLUTION, FISCAL YEAR 1986

[In billions of dollars]

Function	Fiscal year 1985		Fiscal year 1986		Fiscal year 1987		Fiscal year 1988	
	Budget authority	Outlay	Budget authority	Outlay	Budget authority	Outlay	Budget authority	Outlay
050 National defense	292.60	249.40	302.50	267.10	323.40	285.20	346.80	303.90
150 International Affairs	24.70	17.20	21.30	18.85	20.10	17.30	19.90	16.45
250 General science and space	9.10	8.70	9.10	8.90	9.05	8.90	9.30	9.00
270 Energy	.90	5.50	5.90	5.55	5.85	5.15	4.95	4.45
300 Natural resources	13.10	13.00	13.10	13.00	13.20	12.75	13.15	12.95
350 Agriculture	27.00	23.30	18.30	15.55	17.70	16.25	16.20	13.75
370 Commerce and housing credit	12.60	5.50	7.70	3.70	7.70	3.45	7.85	5.20
400 Transportation	29.40	26.00	26.85	25.80	28.90	27.70	29.75	28.10
450 Community and regional development	8.30	8.40	6.95	8.05	6.90	7.30	7.20	6.85
500 Education, training, employment and social services	32.10	30.40	31.55	30.85	32.35	31.35	32.95	32.10
550 Health	33.60	33.50	36.00	34.90	38.40	37.80	41.10	40.70
570 Medical insurance	72.00	65.90	81.50	69.20	90.60	76.40	94.20	84.90
600 Income security	164.50	128.90	155.10	119.05	163.75	124.20	172.40	130.60
650 Social security	198.70	189.00	207.20	200.80	224.75	214.00	264.60	228.10
700 Veterans benefits	27.40	26.40	27.45	26.80	27.55	27.25	27.90	27.65
750 Administration of justice	6.70	6.30	6.90	6.80	7.05	7.00	7.20	7.15
800 General government	5.70	5.70	5.50	5.45	5.30	5.20	5.50	5.45

BEST COPY AVAILABLE

CONFERENCE SUBSTITUTE, FIRST BUDGET RESOLUTION, FISCAL YEAR 1986—Continued

[In billions of dollars]

Function	Fiscal year 1985		Fiscal year 1986		Fiscal year 1987		Fiscal year 1988	
	Budget authority	Outlay	Budget authority	Outlay	Budget authority	Outlay	Budget authority	Outlay
850 General purpose fiscal assistance	6.40	6.40	6.50	6.50	2.00	3.20	2.10	2.10
900 Net interest	129.20	129.20	142.30	142.30	152.50	152.50	155.00	155.00
920 Allowances	.50		−2.10	−1.65	−2.00	−1.70	−.70	−.50
950 Undistributed offsetting receipts	−32.40	−32.40	−39.90	−39.90	−37.10	−37.10	−40.90	−40.90
Total spending	1,062.10	946.30	1,069.70	967.60	1,137.95	1,024.10	1,216.45	1,073.00
Revenues		736.50		795.70		869.40		960.10
Deficit		−209.80		−171.90		−154.70		−112.90
Debt subject to limit		1,847.80		2,078.70		2,301.90		2,507.00
Change in revenues				3.00		5.10		7.60
Change in public debt limit		24.00		230.90		223.20		205.10

FISCAL YEAR 1985 BUDGET AGGREGATES AND FUNCTIONAL CATEGORIES

[In billions of dollars]

	House passed	Senate passed	Conference agreement
Budget authority	1,039.10	1,055.60	1,062.10
Outlays	941.65	949.10	946.30
Revenues	736.05	736.20	736.50
Deficit	205.60	212.90	209.80
Debt subject to limit	1,857.40	1,849.30	1,847.80
Change in revenues			
Change in public debt limit	33.60	25.50	24.00
FUNCTION			
050 National defense:			
Budget authority	291.55	292.60	292.60
Outlays	252.00	252.00	249.40
150 International affairs:			
Budget authority	24.95	25.30	24.70
Outlays	17.50	18.00	17.20
250 General science, space and technology:			
Budget authority	9.10	9.10	9.10
Outlays	8.60	8.70	8.70
270 Energy:			
Budget authority	−2.90	1.60	0.90
Outlays	2.85	6.50	5.50
300 Natural resources and environment:			
Budget authority	13.00	12.70	13.10
Outlays	13.10	13.10	13.00
350 Agriculture:			
Budget authority	22.55	24.80	27.00
Outlays	18.95	21.00	23.30
370 Commerce and housing credit:			
Budget authority	6.60	12.60	12.60
Outlays	2.95	5.60	5.50
400 Transportation:			
Budget authority	29.35	29.60	29.40
Outlays	26.20	26.10	26.00
450 Community and regional development:			
Budget authority	6.80	8.40	8.30
Outlays	7.85	8.70	8.40
500 Education, training, employment and social services:			
Budget authority	32.65	31.60	32.10
Outlays	31.10	30.30	30.40

BEST COPY AVAILABLE

FISCAL YEAR 1985 BUDGET AGGREGATES AND FUNCTIONAL CATEGORIES—Continued

[In billions of dollars]

	House passed	Senate passed	Conference agreement
550 Health:			
Budget authority	33.55	33.60	33.60
Outlays	33.50	33.50	33.50
570 Medical insurance:			
Budget authority	71.75	71.80	72.00
Outlays	65.20	65.20	65.90
600 Income security:			
Budget authority	160.50	162.80	164.50
Outlays	129.25	128.60	128.90
650 Social security:			
Budget authority	195.50	195.50	198.70
Outlays	189.30	189.30	189.00
700 Veterans benefits and services:			
Budget authority	27.40	27.20	27.40
Outlays	26.50	26.30	26.40
750 Administration of justice:			
Budget authority	6.65	6.60	6.70
Outlays	6.45	6.40	6.30
800 General government:			
Budget authority	5.80	5.80	5.70
Outlays	5.85	5.80	5.70
850 General purpose fiscal assistance:			
Budget authority	6.40	6.40	6.40
Outlays	6.40	6.40	6.40
900 Net interest:			
Budget authority	129.95	129.70	129.20
Outlays	129.95	129.70	129.20
920 Allowances:			
Budget authority	0.30	0.30	0.50
Outlays	0.30	0.30	.....
950 Undistributed offsetting receipts:			
Budget authority	−32.35	−32.40	−32.40
Outlays	−32.35	−32.40	−32.40

FISCAL YEAR 1986 BUDGET AGGREGATES AND FUNCTIONAL CATEGORIES

[In billions of dollars]

	House passed	Senate passed	Conference agreement
Budget authority	1,062.90	1,069.50	1,069.70
Outlays	967.25	965.00	967.60
Revenues	794.10	793.60	795.70
Deficit	173.15	171.40	171.90
Debt subject to limit	2,089.70	2,086.50	2,078.70
Change in revenues	1.45	0.90	3.00
Change in public debt limit	232.30	237.20	231.00
FUNCTION			
050 National defense:			
Budget authority	292.60	302.50	302.50
Outlays	267.10	273.10	267.10
150 International affairs:			
Budget authority	21.75	21.20	21.30
Outlays	18.60	17.80	18.85
250 General science, space and technology:			
Budget authority	9.10	9.10	9.10
Outlays	8.90	9.00	8.90

BEST COPY AVAILABLE

FISCAL YEAR 1986 BUDGET AGGREGATES AND FUNCTIONAL CATEGORIES—Continued

[In billions of dollars]

	House passed	Senate passed	Conference agreement
270 Energy:			
Budget authority	6.10	5.20	5.90
Outlays	5.75	5.10	5.55
300 Natural resources and environment:			
Budget authority	13.10	12.20	13.10
Outlays	13.00	12.50	13.00
350 Agriculture:			
Budget authority	18.55	17.20	18.30
Outlays	15.80	14.50	15.55
370 Commerce and housing credit:			
Budget authority	8.85	6.80	7.70
Outlays	4.60	3.40	3.70
400 Transportation:			
Budget authority	28.40	27.20	26.85
Outlays	26.45	26.10	25.80
450 Community and regional development:			
Budget authority	7.55	6.60	6.95
Outlays	8.15	7.90	8.05
500 Education, training, employment and social services:			
Budget authority	32.05	30.10	31.55
Outlays	31.15	30.30	30.85
550 Health:			
Budget authority	36.10	35.70	36.00
Outlays	35.60	35.30	34.90
570 Medical insurance:			
Budget authority	81.95	81.90	18.50
Outlays	68.25	68.30	69.20
600 Income security:			
Budget authority	158.25	155.40	155.10
Outlays	121.75	116.60	119.05
650 Social security:			
Budget authority	207.20	207.40	207.20
Outlays	200.80	194.90	200.80
700 Veterans benefits and services:			
Budget authority	27.45	26.70	27.45
Outlays	26.80	26.10	26.80
750 Administration of justice:			
Budget authority	6.90	6.80	6.90
Outlays	6.80	6.70	6.80
800 General government:			
Budget authority	5.35	5.30	5.50
Outlays	5.30	5.20	5.45
850 General purpose fiscal assistance:			
Budget authority	5.35	6.50	6.50
Outlays	5.65	6.50	6.50
900 Net interest:			
Budget authority	140.95	142.30	142.30
Outlays	140.95	142.30	142.30
920 Allowances:			
Budget authority	−4.90	−1.60	−2.10
Outlays	−4.40	−1.60	−1.65
950 Undistributed offsetting receipts:			
Budget authority	−39.75	−35.00	−39.90
Outlays	−39.75	−35.00	−39.90

BEST COPY AVAILABLE

FISCAL YEAR 1987 BUDGET AGGREGATES AND FUNCTIONAL CATEGORIES

[In billions of dollars]

	House passed	Senate passed	Conference agreement
Budget authority	1,134.30	1,132.80	1,137.95
Outlays	1,028.50	1,011.10	1,024.10
Revenues	866.00	866.30	869.40
Deficit	162.50	144.80	154.70
Debt subject to limit	2,320.70	2,312.70	2,301.90
Change in revenues	1.70	2.00	5.10
Change in public debt limit	231.00	226.20	223.20
FUNCTION			
050 National defense:			
Budget authority	312.70	323.40	323.40
Outlays	285.20	292.10	285.20
150 International affairs:			
Budget authority	20.55	20.40	20.10
Outlays	16.90	17.10	17.30
250 General science, space and technology:			
Budget authority	9.05	9.00	9.05
Outlays	8.90	8.80	8.90
270 Energy:			
Budget authority	6.05	5.20	5.85
Outlays	5.35	4.60	5.15
300 Natural resources and environment:			
Budget authority	13.40	12.60	13.20
Outlays	12.80	12.40	12.75
350 Agriculture:			
Budget authority	17.95	17.70	17.70
Outlays	16.95	15.80	16.25
370 Commerce and housing credit:			
Budget authority	9.30	5.60	7.70
Outlays	5.00	2.30	3.45
400 Transportation:			
Budget authority	30.45	27.90	28.90
Outlays	28.95	27.70	27.70
450 Community and regional development:			
Budget authority	7.80	6.70	6.90
Outlays	8.05	7.10	7.30
500 Education, training, employment and social services:			
Budget authority	33.00	30.70	32.35
Outlays	32.10	29.90	31.35
550 Health:			
Budget authority	38.60	38.20	38.40
Outlays	38.30	37.80	37.80
570 Medical insurance:			
Budget authority	91.55	91.20	90.60
Outlays	75.55	74.80	76.40
600 Income security:			
Budget authority	167.40	164.90	163.75
Outlays	127.80	120.60	124.20
650 Social security:			
Budget authority	224.75	225.50	224.75
Outlays	214.05	205.90	214.00
700 Veterans benefits and services:			
Budget authority	27.65	26.80	27.55
Outlays	27.35	26.20	27.25
750 Administration of justice:			
Budget authority	7.05	6.90	7.05
Outlays	7.00	6.90	7.00
800 General government:			
Budget authority	5.30	5.40	5.30
Outlays	5.20	5.20	5.20

BEST COPY AVAILABLE

FISCAL YEAR 1987 BUDGET AGGREGATES AND FUNCTIONAL CATEGORIES—Continued

[In billions of dollars]

	House passed	Senate passed	Conference agreement
850 General purpose fiscal assistance:			
Budget authority	1.95	2.00	2.00
Outlays	2.90	3.20	3.20
900 Net interest:			
Budget authority	150.95	152.10	152.50
Outlays	150.95	152.10	152.50
920 Allowances:			
Budget authority	−4.60	−1.60	−2.00
Outlays	−4.25	−1.60	−1.70
950 Undistributed offsetting receipts:			
Budget authority	−36.55	−37.80	−37.10
Outlays	−36.55	−37.80	−37.10

FISCAL YEAR 1988 BUDGET AGGREGATES AND FUNCTIONAL CATEGORIES

[In billions of dollars]

	House passed	Senate passed	Conference agreement
Budget authority	1,212.80	1,212.90	1,216.45
Outlays	1,080.00	1,060.20	1,073.00
Revenues	955.60	955.90	960.10
Deficit	124.40	104.30	112.90
Debt subject to limit	2,536.50	2,525.50	2,507.00
Change in revenues	3.10	3.40	7.60
Change in public debt limit	215.80	212.60	205.10
FUNCTION			
050 National defense:			
Budget authority	335.40	346.80	346.80
Outlays	303.90	313.00	303.90
150 International affairs:			
Budget authority	20.60	20.70	19.90
Outlays	16.20	16.70	16.45
250 General science, space and technology:			
Budget authority	9.10	9.30	9.30
Outlays	8.95	9.00	9.00
270 Energy:			
Budget authority	5.15	4.90	4.95
Outlays	4.65	4.20	4.45
300 Natural resources and environment:			
Budget authority	13.65	12.80	13.15
Outlays	13.20	12.50	12.95
350 Agriculture:			
Budget authority	15.0	17.00	16.20
Outlays	15.00	12.90	13.75
370 Commerce and housing credit:			
Budget authority	9.50	6.10	7.85
Outlays	6.70	5.10	5.20
400 Transportation:			
Budget authority	31.30	27.30	29.75
Outlays	29.50	27.40	28.10
450 Community and regional development:			
Budget authority	8.10	7.10	7.20
Outlays	7.95	6.70	6.85
500 Education, training, employment and social services:			
Budget authority	33.70	31.30	32.95

BEST COPY AVAILABLE

FISCAL YEAR 1988 BUDGET AGGREGATES AND FUNCTIONAL CATEGORIES—Continued

[In billions of dollars]

	House passed	Senate passed	Conference agreement
Outlays	32.95	30.40	32.10
550 Health:			
Budget authority	41.15	40.80	41.10
Outlays	40.80	40.30	40.70
570 Medical insurance:			
Budget authority	95.55	94.80	94.20
Outlays	84.60	82.70	84.90
600 Income security:			
Budget authority	175.80	173.90	172.40
Outlays	133.85	125.70	130.60
650 Social security:			
Budget authority	264.65	266.10	264.60
Outlays	228.30	220.00	228.10
700 Veterans benefits and services:			
Budget authority	28.05	27.20	27.90
Outlays	27.80	26.70	27.65
750 Administration of justice:			
Budget authority	7.20	7.00	7.20
Outlays	7.15	7.00	7.15
800 General government:			
Budget authority	5.45	5.50	5.50
Outlays	5.45	5.50	5.45
850 General purpose fiscal assistance:			
Budget authority	2.10	2.10	2.10
Outlays	2.10	2.10	2.10
900 Net interest:			
Budget authority	153.85	153.90	155.00
Outlays	153.85	153.90	155.00
920 Allowances:			
Budget authority	−3.45	−0.60	−0.70
Outlays	−3.15	−0.50	−0.50
950 Undistributed offsetting receipts:			
Budget authority	−39.75	−41.10	−40.90
Outlays	−39.75	−41.10	−40.90

Economic Assumptions

The conferees accepted the economic assumptions shown in the table below as the basis for the revenue, spending and credit estimates in the conference substitute. These economic assumptions are the same as those used by the President in his FY 1986 budget submission in February. Both the House- and Senate-passed budget resolutions were based on these economic assumptions.

[In billions of dollars]

	Calendar years			
	1985	1986	1987	1988
Gross national product:				
Current dollars	$3,948.2	$4,284.8	$4,642.8	$5,016.8
Percent change	7.8	8.5	8.3	8.1
Constant (1972) dollars	$1,702.5	$1,770.6	$1,841.4	$1,915.1

BEST COPY AVAILABLE

	Calendar years			
	1985	1986	1987	1988
Percent change	3.9	4.0	4.0	4.0
GNP deflator (percent change, year over year)	3.8	4.4	4.2	3.9
CPI–W (percent change, year over year)	4.1	4.3	4.2	3.9
Unemployment rate—Civilian (percent)	7.1	7.0	6.7	6.4
3-month Treasury bill rate (percent)	8.1	7.9	7.2	5.9
Memo: GNP, current dollars, fiscal year	$3,868.5	$4,198.5	$4,550.9	$4,921.7

Revenues

The House resolution provided a revenue floor of $736.05 billion in FY 1985, $794.10 billion in FY 1986, $866.00 billion in FY 1987, and $955.60 billion in FY 1988. It provided that revenues be decreased by $0.15 billion in FY 1985, and increased by $1.45 billion in FY 1986, $1.70 billion in FY 1987, and $3.10 billion in FY 1988.

The Senate resolution set a revenue floor of $736.20 billion in FY 1985, $793.6 billion in FY 1986, $866.30 billion in FY 1987, and $955.90 billion in FY 1988. It provided that revenues be increased by $0.9 billion in FY 1986, $2.0 billion in FY 1987, and $3.4 billion in FY 1988.

The conference substitute sets a revenue floor of $736.5 billion in FY 1985, $795.7 billion in FY 1986, $869.4 billion in FY 1987, and $960.1 billion in FY 1988. It provides that revenues should be increased by $3.0 billion in FY 1986, $5.1 billion in FY 1987, and $7.6 billion in FY 1988.

Function 150: Export-Import Bank

It is the intention of the conferees that up to $1.8 billion may be made available for the Export-Import Bank loan programs. The allocation made pursuant to section 302 of the Congressional Budget Act to the Senate Committee on Appropriations contained in this Statement of the Managers assumes a funding level of $1.2 billion for this program. In the event that the relevant appropriations measure provides a higher level of funding, an additional allocation equal to the amount in the measure, but in any event no higher than $600 million in budget authority and $50 million in outlays for fiscal year 1986 will be made to the Senate Committee on Appropriations at the time such measure is reported.

When an allocation is made to the House Committee on Appropriations pursuant to section 302, such allocation will be accorded identical treatment.

Function 300: Superfund

The conference agreement assumes that the revenues associated with the reauthorization of the Superfund program will be sufficient to cover Superfund outlays. In developing the funding levels assumed for the Superfund program, the conferees do not intend to prejudice the final outcome of reauthorization legislation.

BEST COPY AVAILABLE

FUNCTION 400: TRANSPORTATION TRUST FUNDS

As in the past, the conferees have followed the general policy of assigning reconciliation instructions to authorizing committees of jurisdiction. No instructions have been given to the Appropriations Committees. However, the conferees recognize that in the instances of certain transportation trust funds, jurisdiction over spending decisions has historically been shared, and the imposition of obligation limitations has been a desirable budget control device, permitting all accounts to be considered in setting spending priorities within certain budget functions. In making reconciliation instructions, therefore, the conferees do not intend to alter existing jurisdictional relationships, and expect that such relationships will continue as in the past.

FUNCTION 400: PANAMA CANAL COMMISSION

The Conferees assume that any undistributed discretionary program reductions in Function 400: Transportation will not affect any treaty requirements related to the Panama Canal Commission.

FUNCTION 450: HOUSING DEVELOPMENT ACTION GRANTS

The conference agreement assumes continued funding for the Housing Development Actions Grants (HoDAG) program from funds allocated to the assisted housing program.

FUNCTION 550: HEALTH

MEDICAID REPORT LANGUAGE

The Conference agreement assumes $450 million in medicaid savings over three years from enhanced State efforts to collect payments from third party insurers. It is the intention of the conferees that collection efforts not adversely affect beneficiaries or States which make a reasonable effort to obtain payments. The conferees believe that there are cost effective techniques available to States to meet this goal without resulting in a loss of Federal funding or disruption of the medicaid program. Furthermore, the conferees intend that there will be no loss to States of Federal medicaid funds if collection efforts do not result in initially projected savings.

It is also the intent of the conferees that legislation which requires States to collect payments would be sufficient to meet the reconciliation assumptions.

FUNCTION 600: SCORING OF DEBT FORGIVENESS FOR PUBLIC HOUSING

The Managers agree that scorekeeping for reconciliation savings from assumed debt forgiveness for public housing notes should not be done in such a way as to require program reductions in place of the intended financing changes.

FUNCTION 650: SOCIAL SECURITY

The conferees have assumed some savings for administrative support in the Social Security Administration. It is not intended that

these savings should result in staff reductions, office closings or otherwise have an adverse impact upon services to social security beneficiaries.

Reconciliation Instructions

The Senate resolution contained instructions regarding increased spending directed to 13 Senate committees and 14 House committees. The House amendment contained instructions of this nature directed to 10 House committees. The conference substitute contains instructions directed to 11 Senate committees and 14 House committees.

The Senate resolution provided that instructed committees would respond by June 30, 1985. The House amendment provided that instructed committees would respond within 30 calendar days of final action on this budget resolution. The conference substitute provides that committees must respond by September 27, 1985.

Neither the Senate resolution nor the House amendment contained instructions to change revenues. The conference substitute contains instructions to the Senate Finance Committee and the House Ways and Means Committee to increase revenues.

SUMMARY OF RECONCILIATION SAVINGS BY SENATE COMMITTEE

[In millions of dollars]

Senate committee	Fiscal year 1986		Fiscal year 1987		Fiscal year 1988		Total fiscal years 1986–88	
	Budget authority	Outlay	Budget authority	Outlay	Budget authority	Outlay	Budget authority	Outlay
Agriculture, Nutrition, and Forestry		−1,250		−2,050		−4,600		−7,900
Armed Services		−100		−200		−300		−600
Banking, Housing, and Urban Affairs	−2,374	−2,814	−2,828	−3,685	−2,998	−3,821	−8,200	−10,320
Commerce, Science, and Transportation	−328	−310	−133	−119	−135	−130	−596	−559
Energy and Natural Resources	−5,485	−5,403	291	147	−337	−314	−5,531	−5,570
Environment and Public Works		−200		−850		−1,050		−2,100
Finance		−3,307		−7,951		−10,908		−22,166
Governmental Affairs		−3,219		−4,421		−4,986		−12,626
Labor and Human Resources	−670	−170	−860	−535	−1,085	−960	−2,615	−1,665
Small Business	−448	−509	−564	−972	−1,060	−998	−2,072	−2,479
Veterans' Affairs	−300	−300	−400	−400	−450	−450	−1,150	−1,150
Total reconciliation (spending)	−9,605	−17,582	−4,494	−21,036	−6,065	−28,517	−20,164	−67,135
Total reconciliation (revenues)		+1,800		+3,000		+3,600		+8,400

SUMMARY OF RECONCILIATION SAVINGS BY HOUSE COMMITTEE

[In millions of dollars]

House committee	1986		1987		1988	
	Budget authority	Outlay	Budget authority	Outlay	Budget authority	Outlay
Agriculture Committee		−1,250		−2,050		−4,600
Armed Services Committee		−100		−200		−300
Banking, Finance and Urban Affairs Committee	−2,374	−2,814	−2,828	−3,685	−2,998	−3,821
Energy and Commerce Committee	−1,513	−3,947	−1,246	−5,008	−1,401	−6,512
Education and Labor Committee	−670	−470	−860	−835	−1,085	−1,260
Government Operations Committee				−3,526		−4,956
Interior and Insular Affairs Committee	−4,000	−4,000	1,504	1,504	1,029	1,029

BEST COPY AVAILABLE

SUMMARY OF RECONCILIATION SAVINGS BY HOUSE COMMITTEE—Continued

[In millions of dollars]

House committee	1986		1987		1988	
	Budget authority	Outlay	Budget authority	Outlay	Budget authority	Outlay
Judiciary Committee	−570	−70	−610	−285	−635	−510
Merchant Marine and Fisheries Committee	−300	−300	−100	−100	−100	−100
Post Office and Civil Service Committee		−3,219		−4,421		−4,986
Public Works and Transportation Committee		−200		−850		−1,050
Small Business Committee	−448	−509	−564	−972	−1,060	−998
Veterans' Affairs Committee	−300	−300	−400	−400	−450	−450
Ways and Means Committee: deficit reduction		−5,027		−7,245		−9,362

FISCAL YEAR 1985—CREDIT BUDGET TARGETS

[In billions of dollars]

	House passed	Senate passed	Conference agreement
Total new direct loan obligations	51.95	52.80	52.85
Total new primary loan guarantee commitments	68.80	69.40	69.35
Total new secondary loan guarantee commitments	68.25	68.20	68.20
FUNCTION			
150 International affairs:			
New direct loan obligations	10.05	11.50	11.50
New primary loan guarantee commitments	10.30	10.30	10.30
270 Energy:			
New direct loan obligations	2.65	2.10	2.10
New primary loan guarantee commitments	.10	.10	0.10
300 Natural resources and environment:			
New direct loan obligations	.05	.10	0.10
New primary loan guarantee commitments			
350 Agriculture:			
New direct loan obligations	13.80	13.80	13.80
New primary loan guarantee commitments	5.70	5.70	5.70
370 Commerce and housing credit:			
New direct loan obligations	6.55	6.50	6.50
New primary loan guarantee commitments	26.45	27.00	26.90
New secondary loan guarantee commitments	68.25	68.20	68.20
400 Transportation:			
New direct loan obligations	.30	.30	.30
New primary loan guarantee commitments	.30	.30	.30
450 Community and regional development:			
New direct loan obligations	1.75	1.80	1.70
New primary loan guarantee commitments	.15	.20	.20
500 Education, training, employment and social services:			
New direct loan obligations	1.15	1.10	1.20
New primary loan guarantee commitments	8.75	8.80	8.80
550 Health:			
New direct loan obligations	.05		.05
New primary loan guarantee commitments	.25	.20	.25
600 Income security:			
New direct loan obligations	14.30	14.30	14.30
New primary loan guarantee commitments			
700 Veterans benefits and services:			
New direct loan obligations	1.30	1.30	1.30
New primary loan guarantee commitments	16.80	16.80	16.80

BEST COPY AVAILABLE

FISCAL YEAR 1985—CREDIT BUDGET TARGETS—Continued

[In billions of dollars]

	House passed	Senate passed	Conference agreement
920 Allowances:			
New direct loan obligations			
New primary loan guarantee commitments			

FISCAL YEAR 1986—CREDIT BUDGET TARGETS

[In billions of dollars]

	House passed	Senate passed	Conference agreement
Total new direct loan obligations	38.05	30.10	34.40
Total new primary loan guarantee commitments	74.60	80.60	80.15
Total new secondary loan guarantee commitments	68.25	68.20	68.20
FUNCTION			
150 International affairs:			
New direct loan obligations	10.35	8.20	9.90
New primary loan guarantee commitments	10.30	12.30	12.30
270 Energy:			
New direct loan obligations	2.10	2.10	2.10
New primary loan guarantee commitments	4.10	4.10	4.10
300 Natural resources and environment:			
New direct loan obligations	.05	.10	.05
New primary loan guarantee commitments			
350 Agriculture:			
New direct loan obligations	13.90	11.70	13.60
New primary loan guarantee commitments	5.70	9.00	6.40
370 Commerce and housing credit:			
New direct loan obligations	5.90	4.20	5.00
New primary loan guarantee commitments	27.10	28.40	28.20
New secondary loan guarantee commitments	68.25	68.20	68.20
400 Transportation:			
New direct loan obligations	.15	.20	.20
New primary loan guarantee commitments	.30	.30	.30
450 Community and regional development:			
New direct loan obligations	1.30	1.20	1.10
New primary loan guarantee commitments	.15	.20	.20
500 Education, training, employment and social services:			
New direct loan obligations	1.10	1.10	1.10
New primary loan guarantee commitments	9.05	9.00	9.00
550 Health:			
New direct loan obligations	.05		.05
New primary loan guarantee commitments	.25	.20	.25
600 Income security:			
New direct loan obligations	1.85		
New primary loan guarantee commitments		1.80	1.80
700 Veterans benefits and services:			
New direct loan obligations	1.30	1.30	1.30
New primary loan guarantee commitments	17.65	15.30	17.60
920 Allowances:			
New direct loan obligations			
New primary loan guarantee commitments			

BEST COPY AVAILABLE

FISCAL YEAR 1987—CREDIT BUDGET TARGETS

[In billions of dollars]

	House passed	Senate passed	Conference agreement
Total new direct loan obligations	37.00	27.90	32.15
Total new primary loan guarantee commitments	73.00	81.30	79.05
Total new secondary loan guarantee commitments	68.25	68.20	68.20
FUNCTION			
150 International affairs:			
New direct loan obligations	10.75	7.80	9.60
New primary loan guarantee commitments	10.75	12.30	12.30
270 Energy:			
New direct loan obligations	2.10	2.10	2.10
New primary loan guarantee commitments			
300 Natural resources and environment:			
New direct loan obligations	.05	.10	.10
New primary loan guarantee commitments			
350 Agriculture:			
New direct loan obligations	12.15	10.20	11.40
New primary loan guarantee commitments	5.75	9.00	5.60
370 Commerce and housing credit:			
New direct loan obligations	6.15	4.20	5.30
New primary loan guarantee commitments	28.65	30.10	29.90
New secondary loan guarantee commitments	68.25	68.20	68.20
400 Transportation:			
New direct loan obligations	.15	.10	.10
New primary loan guarantee commitments	.30	.30	.30
450 Community and regional development:			
New direct loan obligations	1.70	1.10	1.20
New primary loan guarantee commitments	.20	.20	.20
500 Education, training, employment and social services:			
New direct loan obligations	1.10	1.10	1.10
New primary loan guarantee commitments	9.35	9.40	9.40
550 Health:			
New direct loan obligations	.05		.05
New primary loan guarantee commitments	.25	.30	.25
600 Income security:			
New direct loan obligations	2.30		
New primary loan guarantee commitments		2.30	2.30
700 Veterans benefits and services:			
New direct loan obligations	1.20	1.20	1.20
New primary loan guarantee commitments	18.75	17.40	18.80
920 Allowances:			
New direct loan obligations	−.70		
New primary loan guarantee commitments	−1.0		

FISCAL YEAR 1988—CREDIT BUDGET TARGETS

[In billions of dollars]

	House passed	Senate passed	Conference agreement
Total new direct loan obligations	36.45	27.30	31.40
Total new primary loan guarantee commitments	76.90	85.50	84.00
Total new secondary loan guarantee commitments	68.25	68.20	68.20
FUNCTION			
150 International affairs:			
New direct loan obligations	11.00	7.90	9.70
New primary loan guarantee commitments	11.20	12.30	12.30

BEST COPY AVAILABLE

FISCAL YEAR 1988—CREDIT BUDGET TARGETS—Continued

[In billions of dollars]

	House passed	Senate passed	Conference agreement
270 Energy:			
New direct loan obligations	2.15	2.10	2.10
New primary loan guarantee commitments			
300 Natural resources and environment:			
New direct loan obligations	.05		.05
New primary loan guarantee commitments			
350 Agriculture:			
New direct loan obligations	11.80	9.10	10.50
New primary loan guarantee commitments	5.75	9.00	6.90
370 Commerce and housing credit:			
New direct loan obligations	6.65	4.50	5.40
New primary loan guarantee commitments	30.45	31.90	31.70
New secondary loan guarantee commitments	68.25	68.20	68.20
400 Transportation:			
New direct loan obligations	.10	.10	.10
New primary loan guarantee commitments	.30	.30	.30
450 Community and regional development:			
New direct loan obligations	1.95	1.30	1.30
New primary loan guarantee commitments	.20	.20	.20
500 Education, training, employment and social services:			
New direct loan obligations	1.15	1.10	1.10
New primary loan guarantee commitments	9.60	9.60	9.60
550 Health:			
New direct loan obligations	.05		.05
New primary loan guarantee commitments	.30	.30	.30
600 Income security:			
New direct loan obligations	1.75		
New primary loan guarantee commitments		1.80	1.80
700 Veterans benefits and services:			
New direct loan obligations	1.10	1.20	1.10
New primary loan guarantee commitments	20.90	20.10	20.90
920 Allowances:			
New direct loan obligations	−1.30		
New primary loan guarantee commitments	−1.80		

MISCELLANEOUS PROVISIONS

APPROPRIATIONS CAPS

The Senate resolution provided a point of order against the consideration of an appropriations bill in the House or Senate if the enactment of that bill would cause total aggregate budget authority to exceed the amounts stated for function 050, National Defense, or the amounts stated for nondefense discretionary activities.

The House amendment contained no such provision.

The Senate receded to the House.

AUTOMATIC SECOND BUDGET RESCLUTION

The Senate resolution provided that this resolution shall be deemed to be the second concurrent resolution on the budget for FY 1986 for the purposes of section 311 of the Budget Act if Congress has not completed action on a second resolution by October 1, 1985.

BEST COPY AVAILABLE

The House amendment provided language virtually identical to that of the Senate resolution which achieved the same result. The House amendment further provided that committees would be held harmless against a point of order under section 311 of the Budget Act for violation of spending ceilings if those committees remain within their section 302(a) allocation for FY 1986. In addition, the House amendment provided that if any off-budget programs contained in a list in the House report are brought into the unified budget, the budget authority and outlays for those programs shall not be included in determining violations of section 311 of the Budget Act. The House amendment also provided that if Congress subsequently adopts a second budget resolution for FY 1986, all of the provisions of this section will cease to apply.

The House conferees receded to the Senate with an amendment making the provision holding committees harmless applicable only to the House.

TAX REFORM

The Senate resolution contained language regarding the need for tax reform. The provision presented certain findings of the Senate regarding the inequities and disadvantages of the current tax structure. It also expressed the sense of the Senate that tax reform legislation should be adopted as soon as possible, incorporating specified objectives and principles.

The House amendment contained language identical to the Senate provision, except that it expressed the findings and sense of the House.

The Senate conferees receded to the House with an amendment to express the sense of the Congress.

CBO SCOREKEEPING REQUIREMENTS

The Senate resolution contained a provision expressing the sense of the Senate that CBO should make weekly reports when the Senate is in session regarding the current status of congressional action with respect to the limitations on spending, revenues and the public debt established by the most recent budget resolution.

The House amendment contained no such provision.

The House conferees receded to the Senate.

FARM LOSS DEDUCTIONS

The Senate resolution contained a provision expressing the sense of the Senate that legislation should be enacted to limit to the national median family income the amount of farm-related losses which can be deducted against nonfarm income, and that the resuffer a disadvantage as against farm operations with substantial income tax rates, and to assure that family-operated farms do not suffer a disadvantages as against farm operations with substantial nonfarm income.

The House amendment contained no such provision.

The House conferees receded to the Senate.

60-607 O - 86 - 6

BEST COPY AVAILABLE

ENHANCED TAX LAW ENFORCEMENT

The Senate resolution contained a provision expressing the sense of the Congress that legislation should be reported by the Senate Finance Committee and enacted to increase compliance with the tax code. Such legislation should concern improved enforcement and collection, increased staff, and efforts to improve taxpayer assistance. The resulting increased revenue could be used to reduce income tax rates, reduce the deficit, or other unspecified purposes.

The House amendment contained no such provision.

The House conferees receded to the Senate with an amendment referencing the House Ways and Means Committee and deleting the language regarding use of the increased revenue.

INTERNATIONAL MONETARY CONFERENCE

The House amendment contained a provision expressing the sense of the Congress that the Administration should call for the convening of an international conference to discuss the stabilization of currency exchange rates, the reduction of interest rates, the promotion of maximum economic growth, and the assurance of domestic stability.

The Senate resolution contained no such provision.

The Senate receded to the House with an amendment.

GRACE COMMISSION REVIEW

The House amendment contained a provision expressing the sense of the House that all House committees should review the findings of the President's Private Sector Survey on Cost Control relating to programs within their jurisdiction and consider those findings during their review of legislation. Each report accompanying legislation should identify those recommendations implemented in that legislation, their budgetary impact, and an explanation of every recommendation which relates to the legislation and a discussion of its disposition.

The Senate resolution contained no such provision.

The Senate conferees receded to the House.

LIMITATION ON BENEFITS TO ALIENS

The Senate resolution contained a provision expressing the sense of the Congress that social security benefits paid to illegal and nonresident aliens should be limited to the amount of the wage-earner's contribution plus interest and states the assumption that the Senate Finance Committee will report legislation to accomplish this. This limitation would apply to individuals becoming eligible after January 1, 1986.

The House amendment contained a provision identical to the Senate provision except that it referenced the House Ways and Means Committee instead of the Senate Finance Committee.

The House conferees receded to the Senate with an amendment referencing the House Committee on Ways and Means.

BEST COPY AVAILABLE

ANNUAL DETERMINATION OF CREDIT ACTIVITY THROUGH THE APPROPRIATIONS PROCESS

The Senate resolution provided that it shall not be in order to consider legislation authorizing new direct loan obligations of loan guarantee commitments which does not limit such activity to amounts appropriated in advance. Legislation reported in response to the reconciliation instructions contained in this resolution is exempted. Legislation regarding Commodity Credit Corporation price support and related programs in operation on January 1, 1985 is also exempted.

The House amendment contained no such provision.

The Senate conferees receded to the House.

ELIMINATION OF DISTINCTION BETWEEN "UNIFIED BUDGET" AND "OFF-BUDGET" SPENDING

The Senate resolution contained a provision expressing the sense of Congress that the distinction between "unified budget" and "off-budget" spending should be terminated, and that the budget authority and outlays for so-called "off-budget" agencies should be included in the budget totals.

The House amendment contained no such provision.

The Senate conferees receded to the House.

The conferees intend that the functional and aggregate totals included in this resolution, reflecting both "on-budget" and "off-budget" spending, will govern for the purposes of the congressional budget process, scorekeeping, and enforcement. It is not the intent of the conferees to prejudice the action of committees of jurisdiction in their legislative oversight of program not presently included in the unified budget of the federal government.

WIC FUNDING

The Senate resolution contained language expressing the sense of the Senate that the full amount of appropriations for FY 1985, currently being withheld from obligations by OMB, should be apportioned among the states, pursuant to public law.

The House amendment contained language identical to the Senate provision, except that it expresses the sense of the Congress.

The conference substitute does not contain this language.

CONFORMING OVERTIME REQUIREMENTS

The Senate resolution contained language expressing the sense of the Congress that the overtime requirements contained in the Walsh-Healey Act and the Contract Work Hours and Safety Standards Act should be conformed to the Fair Labor Standards Act.

The House amendment contained no such provision.

The Senate conferees receded to the House.

MINIMUM TAX

The Senate resolution contained a provision expressing the sense of Congress that a minimum tax should be enacted so that all corporations and individuals with economic income will pay tax, and

BEST COPY AVAILABLE

that the resulting revenue should be used to reduce individual income tax rates and to increase threshold amounts for tax payments by individuals when tax reform legislation is considered.

The House amendment contained no such provision.

The Senate conferees receded to the House.

Allocation of Budget Authority and Outlays to Senate Committees

Pursuant to section 302 of the Congressional Budget Act, the conference substitute makes the following allocation of budget authority and outlays among the committees of the Senate.

SENATE COMMITTEE BUDGET AUTHORITY AND OUTLAY ALLOCATIONS PURSUANT TO SEC. 302 OF THE CONGRESSIONAL BUDGET ACT, FISCAL YEAR 1985

[In millions of dollars]

Committees	Direct spending jurisdiction		Entitlements funded in annual appropriation acts	
	Budget authority	Outlay	Budget authority	Outlay
Appropriations	576,084	531,709	.....	.....
Agriculture, Nutrition, and Forestry	15,528	24,086	12,420	132
Armed Services	38,499	26,620	147	208
Banking, Housing, and Urban Affairs	20,649	14,960	.....	.....
Commerce, Science, and Transportation	1,719	267	346	356
Energy and Natural Resources	1,024	373	54	56
Environment and Public Works	15,571	933	6	6
Finance	504,055	477,641	43,639	46,229
Foreign Relations	15,466	13,375	.....	.....
Governmental Affairs	51,890	33,345	(1)	(1)
Judiciary	570	477	78	76
Labor and Human Resources	4,071	2,657	6,083	5,952
Rules and Administration	45	9	.....	.....
Small Business	485	378	.....	.....
Veterans' Affairs	1,502	1,141	15,317	15,416
Select Indian Affairs	445	443	.....	.....
Not allocated to committees	−185,503	−182,113	.....	.....
Total, budget	1,062,100	946,300	78,088	68,432

[1] Less than $500,000.

SENATE COMMITTEE BUDGET AUTHORITY AND OUTLAY ALLOCATIONS PURSUANT TO SEC. 302 OF THE CONGRESSIONAL BUDGET ACT, FISCAL YEAR 1986

[In millions of dollars]

Committees	Direct spending jurisdiction		Entitlements funded in annual appropriation acts	
	Budget authority	Outlay	Budget authority	Outlay
Appropriations	565,410	552,084	.....	.....
Agriculture, Nutrition, and Forestry	18,198	17,275	213	218
Armed Services	40,622	28,068	165	165
Banking, Housing, and Urban Affairs	6,710	3,215	.....	.....
Commerce, Science, and Transportation	1,561	−151	352	358
Energy and Natural Resources	−2,468	−2,839	.....	.....
Environment and Public Works	16,266	573	6	6
Finance	540,805	510,642	46,622	46,723
Foreign Relations	15,208	13,000	.....	.....
Governmental Affairs	54,043	34,687	(1)	(1)

BEST COPY AVAILABLE

SENATE COMMITTEE BUDGET AUTHORITY AND OUTLAY ALLOCATIONS PURSUANT TO SEC. 302 OF THE CONGRESSIONAL BUDGET ACT, FISCAL YEAR 1986—Continued

[In millions of dollars]

Committees	Direct spending jurisdiction		Entitlements funded in annual appropriation acts	
	Budget authority	Outlay	Budget authority	Outlay
Judiciary	512	439	82	82
Labor and Human Resources	4,273	2,608	5,568	5,572
Rules and Administration	45	8		
Small Business	309	153		
Veterans' Affairs	1,502	1,316	15,557	15,525
Select Indian Affairs	458	457		
Not allocated to committees	−193,756	−193,935		
Total, budget	1,069,700	967,600	68,564	68,647

[1] Less than $500,000.

WILLIAM H. GRAY III,
JIM WRIGHT,
THOMAS J. DOWNEY,
MIKE LOWRY,
BUTLER DERRICK,
VIC FAZIO,
GEO. MILLER,
MARTIN FROST,
DELBERT LATTA,
JACK KEMP,
LYNN MARTIN,
BOBBI FIEDLER,
BEAU BOULTER,
Managers on the Part of the House.

PETE V. DOMENICI,
WILLIAM L. ARMSTRONG,
NANCY LANDON KASSEBAUM,
RUDY BOSCHWITZ,
SLADE GORTON,
LAWTON CHILES,
J. BENNETT JOHNSTON,
JIM SASSER,
Managers on the Part of the Senate.

BEST COPY AVAILABLE

BLANK PAGE

ATTACHMENT "F"

Terms Used in the Federal Budget Process

These definitions are intended to explain how the terms are commonly used by the Budget Committee and its staff in scorekeeping against budget resolutions. For more formal expositions, see two GAO documents, *A Glossary of Terms Used in the Federal Budget Process* (Third Edition, March 1981) and *Principles of Federal Appropriations Law* (June 1982). Unless otherwise specified, all quotations are from the GAO glossary. The explanations may not parallel the definition of terms under House rules and precedents.

ADVANCE APPROPRIATION—See APPROPRIATION.

ALLOCATION—See CROSSWALK.

APPROPRIATION:

In general, a bill or law that provides new BUDGET AUTHORITY. Appropriations allow "Federal agencies to incur obligations" for specified purposes. This use of the term is consistent with Article 1, Section 9, of the Constitution: "No Money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law." In this sense, the term "appropriation" clearly includes DIRECT SPENDING. Most commonly, however, the term is limited to bills under the jurisdiction of the Committee on Appropriations. Sometimes the term is used in an even more limited sense: "appropriation bill" means a discretionary action by the Appropriation Committee, as contrasted with either a NOMINAL APPROPRIATION or DIRECT SPENDING, defined below. A bill can appropriate from any type of FUND.

- *Direct spending (also known as "backdoor appropriation")* refers to any SPENDING BILL other than a DISCRETIONARY appropriation action by the Appropriations Committee.
- *Permanent appropriation* means that the new BUDGET AUTHORITY for the BUDGET YEAR is provided by a law enacted in some previous session. That law need not really be permanent; it need not provide new BUDGET AUTHORITY for all future years, just for the BUDGET YEAR. Almost all permanent appropriations are direct spending, though there are a few permanent appropriations that are not backdoor but rather are within the jurisdiction of the Appropriations Committee.
- *Nominal appropriation* refers to three different types of Appropriations Committee actions:

(1) An "appropriation" of LIQUIDATING CASH to pay for an existing contractual commitment that was entered into by an agency pursuant to an APPROPRIATION of CONTRACT AUTHORITY. BUDGET AUTHORITY is scored when the

BEST COPY AVAILABLE

CONTRACT AUTHORITY is provided, so it is not scored when the contracts are later liquidated.

(2) An "appropriation" to repay debt, i.e., to reimburse the Treasury (or some other lender) for an obligation that was incurred by an agency pursuant to an APPROPRIATION of BORROWING AUTHORITY. BUDGET AUTHORITY is scored when the BORROWING AUTHORITY is provided, so it is not scored when the resulting agency debt is later repaid.

(3) A current appropriation to pay for existing ENTITLEMENT or other mandatory law. In CURRENT LEVEL scorekeeping, BUDGET AUTHORITY is scored as soon as the entitlement law is enacted, so it is not scored when the mandatory funding is later provided. But in CURRENT HOUSE STATUS scorekeeping, BUDGET AUTHORITY is scored with the Appropriation bill that funds the mandatory payment.

The three terms just discussed are essentially related to funding for mandatory programs. The following terms tend to be used to describe both mandatory and discretionary appropriations, and in fact are most frequently used to describe features of bills reported by the Appropriations Committee.

- *Current appropriation* means that enactment of the appropriation bill is scheduled for the current session of Congress. Almost all current appropriations are by the Appropriations Committee, but any bill this session providing new BUDGET AUTHORITY is a current appropriation. An appropriation that merely funds existing ENTITLEMENT law is often called a current appropriation.
- *Frontdoor appropriation* refers to a DISCRETIONARY appropriation of BUDGET AUTHORITY by the Appropriations Committee.
- *Regular appropriation* refers to funding provided in any of the 13 annual bills reported by the Appropriations Committee. It does not include any permanent appropriations, nor supplemental or deficiency appropriations, or temporary continuing appropriations. However, a continuing appropriation that is not merely stopgap funding, but in effect a full-year bill, is often considered a regular appropriation.
- *Definite appropriation* means that the amount of BUDGET AUTHORITY that is appropriated is specified by number. Most current appropriations are definite.
- *Indefinite appropriation* means that the amount of BUDGET AUTHORITY that is appropriated is not specified. It depends on outside factors, and is usually open-ended. The amount scored is the best estimate of actual use. Most permanent appropriations are indefinite.
- *One-year appropriation* means that the new BUDGET AUTHORITY is available only in the FISCAL YEAR for which it was appropriated. It is available for a TERM of one year. If it is not obligated in that time it will expire.
- *Multi-year appropriation* means that new BUDGET AUTHORITY is available in the FISCAL YEAR for which it was appropriated and a specified number of additional years. If is not obligated by the end of the specified period it will expire. The amount appropriated is all legally available in the first

BEST COPY AVAILABLE

FISCAL YEAR and so is all scored against that year, even though the usual intent is that OBLIGATIONS will be incurred over the multi-year TERM.

- *No-year appropriation* is treated like a multi-year appropriation with no expiration date.
- *Continuing appropriation* (also known as a "resolution making continuing appropriations" or a "continuing resolution") refers to a bill "to provide BUDGET AUTHORITY for Federal agencies and/or specific activities to continue in operation until the regular appropriations are enacted." Continuing appropriations "are enacted when action on appropriations is not completed by the beginning of the FISCAL YEAR." Continuing appropriations often provide funding through a restrictive formula, but may reference any rate of operations or provide line-item funding at any levels.
- *Advance appropriation* refers to an Appropriations Committee action, an appropriation of BUDGET AUTHORITY to be first effective in a year subsequent to the other appropriations in the bill. An advance appropriation for fiscal year 1987 (made in some previous session of Congress) is a specialized type of permanent appropriation.
- *Reappropriation* refers to a bill that would "continue the obligational availability . . . of all or part of the unobligated portion of BUDGET AUTHORITY that has expired or would otherwise expire." Thus reappropriations extend lapsed or lapsing unobligated balances into a new FISCAL YEAR. The amount scored is the best estimate of the amount of BUDGET AUTHORITY that would become available in the new FISCAL YEAR. The reappropriation is "counted as BUDGET AUTHORITY in the year for which BUDGET AUTHORITY is extended" (except by OMB). A reappropriation can be an advance appropriation in the sense that the BUDGET AUTHORITY can be reappropriated into a year subsequent to the other appropriations in the bill. Reappropriations most commonly occur when projects fall behind schedule and there is some fear that the existing BUDGET AUTHORITY will lapse. They also occur when one-year or multi-year funds, scheduled to lapse, are deferred by statute into the next FISCAL YEAR. If the statute prohibits their obligation during the remainder of the CURRENT YEAR, it is effectively the same as a CURRENT YEAR RESCISSION and BUDGET YEAR APPROPRIATION, and is so scored.
- *Supplemental appropriation* refers to a bill "appropriating funds in addition to those in an annual appropriation act." Usually these are required because of unexpected shortfalls, natural disasters, or other changed circumstances that are too pressing to wait for the next regular appropriation.
- *Rescission* refers to a bill that cancels an existing appropriation in whole or in part. Virtually all rescissions are from existing DISCRETIONARY current appropriations, but it is possible to rescind other types of BUDGET AUTHORITY. A rescission bill is scored as resulting in negative BUDGET AUTHORITY, and the amount is scored against the fiscal year of

BEST COPY AVAILABLE

the bill (regardless of when the BUDGET AUTHORITY was initially provided).

- *Transfer* refers to a bill that removes already appropriated BUDGET AUTHORITY from one budget account and makes it available to a different one. This action changes its use, but generally does not extend its availability. It is identical in effect to rescinding from one account and appropriating into another. If, however, the funds are transferred into an account with a later expiration date, then the action is both a transfer and a reappropriation, since the obligational availability of the funds is being extended.
- *Reprogramming* means that BUDGET AUTHORITY is shifted from one purpose to another within the same budget account. This does not require a law, and so is not deemed an appropriation.

AUTHORIZATION:

In general, a bill or law that authorizes the APPROPRIATION of BUDGET AUTHORITY by the Appropriations Committee, but does not mandate it. This term is sometimes used to refer to any non-Appropriations bill that authorizes an agency's activities, even if it also funds it (e.g., via a permanent appropriation). It is best not used in that sense, however.

BORROWING AUTHORITY—See BUDGET AUTHORITY.

BALANCED BUDGET—See MARGIN.

BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985:

Title II of P.L. 99-177, also known as the "Gramm-Rudman" act. The Act establishes MAXIMUM DEFICIT AMOUNTS for fiscal years 1986 through 1991. It provides a SEQUESTRATION process to insure compliance, and strengthens procedural elements of the BUDGET ACT.

BALANCES OF BUDGET AUTHORITY—See OBLIGATIONS.

BUDGET ACT:

The Congressional Budget Act of 1974 as amended, Titles I through IX of P.L. 93-344. (Sometimes also refers to the Impoundment Control Act, Title X of P.L. 93-344.) This Act established the House and Senate Budget Committees and the Congressional Budget Office, created the BUDGET RESOLUTION process, limited new direct spending, changed the FISCAL YEAR, and made other changes in the Congressional/Executive budget timetable and process.

BUDGET AUTHORITY:

This term is defined by the BUDGET ACT.

(2) The term "budget authority" means authority provided by law to enter into obligations which will result in immediate or future outlays involving Government funds or to collect offsetting receipts, except that such term does not include author-

BEST COPY AVAILABLE

ity to insure or guarantee the repayment of indebtedness incurred by another person or government.

The term is sometimes used in ways that are not obvious from the definition. For example, in most trust funds it is scored as the amount of earmarked revenue. In revolving funds, it is a net concept; BUDGET AUTHORITY is scored net of loan repayments and, sometimes, sale of loan assets, but is not less than zero. Proprietary receipts are scored as offsets to budget authority, and hence are deemed to be negative budget authority. And some APPROPRIATIONS that are never intended to be used, such as contingency reserves (and thus will *not* result in OBLIGATIONS or OUTLAYS), are scored as budget authority.

New budget authority means that the budget authority is new, i.e., first available for obligation, in the FISCAL YEAR in question. Thus a law enacted a century ago can result in new budget authority for fiscal year 1987. The word "new" is used to distinguish funds that are first available for obligation in a given year—i.e., new—from UNOBLIGATED BALANCES, which were first available for obligation in a prior year. In virtually all budget documents, budget authority is used as a synonym for new budget authority.

There are two specialized types of budget authority that are defined in Section 401(c)(2) of the BUDGET ACT:

(A) to enter into contracts under which the United States is obligated to make outlays, the budget authority for which is not provided in advance by appropriation Acts;

(B) to incur indebtedness (other than indebtedness incurred under the Second Liberty Bond Act) for the repayment of which the United States is liable, the budget authority for which is not provided in advance by appropriation Acts.

Contract and borrowing authority are always scored as budget authority. In simple terms, contract authority gives an agency the authority to sign contracts that are later paid off by an "appropriation" of LIQUIDATING CASH. Borrowing authority allows an agency to incur obligations that are not covered in advance by a standard appropriation, but rather are covered by borrowing (usually from the Treasury or the FFB). Borrowing authority may be paid off later by an "appropriation to repay debt."

Section 401(c)(2)(C) of the BUDGET ACT also defines ENTITLEMENT AUTHORITY. As described below, ENTITLEMENT AUTHORITY is sometimes, but not always, scored as budget authority.

Section 401(c)(2)(D) defines the authority "to forego the collection by the United States of proprietary offsetting receipts" as a type of spending authority. In other words, a bill that reduces proprietary receipts is considered to increase BUDGET AUTHORITY.

Section 401(c)(2)(E) defines as spending authority any other type of spending that circumvents the Appropriations Committee. The intent of this general language was to cover those permanent appropriations that are neither contract, borrowing, nor entitlement authority.

BEST COPY AVAILABLE

BUDGET RESOLUTION:

A concurrent resolution on the budget, as specified in Title III of the BUDGET ACT. It includes aggregate BUDGET AUTHORITY, OUTLAYS, DIRECT LOANS, LOAN GUARANTEES, REVENUES, MARGIN, and DEBT subject to limit. The spending and credit aggregates are distributed among FUNCTIONAL CATEGORIES. Budget resolutions may also contain reconciliation directives and other unspecified but presumably related material and procedures.

The Budget Resolution, scheduled to be agreed to by April 15 of each year, sets targets that are intended to guide subsequent congressional action on spending, credit, and tax bills. The idea is to set a fiscal plan and spending priorities before considering the individual bills that actually implement the plan. In recent years budget resolutions have become more binding due to the addition of new enforcement procedures and the enactment of Gramm-Rudman.

BUDGET YEAR—See YEAR.

BUDGETARY RESOURCE:

This term is used in the Gramm-Rudman Act to refer to spending authority or its equivalent for the purpose of specifying how SEQUESTRATION shall work. That Act specifies that two types of defense budgetary resources are sequesterable: new BUDGET AUTHORITY and UNOBLIGATED BALANCES. Five types of nondefense budgetary resources are sequesterable: new BUDGET AUTHORITY, DIRECT LOAN authority, LOAN GUARANTEE authority, other OBLIGATION LIMITATIONS, and "Sec. 401(c)(2) authority" (essentially ENTITLEMENT AUTHORITY).

CONGRESSIONAL BUDGET ACT—See BUDGET ACT.

CONTINUING RESOLUTION—See APPROPRIATION.

CONTRACT AUTHORITY—See BUDGET AUTHORITY.

CONTROLLABILITY:

The quesiton of whether, under existing law, spending (i.e., BUDGET or ENTITLEMENT AUTHORITY) is already provided. Since all laws can be changed, all spending can be repealed, everything is controllable in one sense.

- *Controllable/Discretionary* means that the BUDGET or ENTITLEMENT AUTHORITY is not yet provided. The amounts of any assumed changes to existing law are also deemed to be discretionary since Congress can choose whether and by how much to change existing law. See the term "DISCRETIONARY ACTION."
- *Uncontrollable/Mandatory* refers to all amounts already provided under existing BUDGET or ENTITLEMENT AUTHORITY. By definition, all permanent appropriations and all offsettting receipts are uncontrollable. So are all NOMINAL CURRENT APPROPRIATIONS that are needed to fund existing ENTITLEMENT or entitlement-like programs, or to liquidate existing CONTRACT AUTHORITY. So are prior-year

BEST COPY AVAILABLE

OUTLAYS from enacted appropriations funding otherwise discretionary programs.

CREDIT/CREDIT AUTHORITY:

This term refers to the activities of the Federal Government that directly influence the availability of credit to private borrowers, except that the borrowing activities of the Treasury are not considered. There are two different types of credit activities:

- *Direct Loan Obligations* refer to money lent directly by the Federal Government to the public. Since this is cash that flows out of the Treasury, a direct loan is an OUTLAY. But direct loan obligations refer to, and are scored as, the gross amount that an agency obligates to flow out, whereas OUTLAYS are scored as the net of loans out and repayments in (plus other possible financial transactions such as the sale of loan assets).
- *Loan Guarantee Commitments* refer to loans between private parties that are guaranteed (or insured) in whole or in part by the Federal Government against default. Thus, while the Federal Government is not actually making the loan, it is influencing the flow of credit in the private marketplace by making some borrowers much more creditworthy—after all, they have a Federal guarantee behind them. The Government doesn't make any payments unless the private borrowers default. If that happens, the Federal payment is an OUTLAY. and BUDGET AUTHORITY is used to the extent necessary to cover the OUTLAY. This BUDGET AUTHORITY is limited to the financing of actual defaults—the contingent liability of the Government resulting from new loan guarantee commitments is not considered budget authority. The amount scored for loan guarantee commitments is the full value of the loans, even if the Government guarantee is for only a percentage of loan.

  Loan guarantee commitments may be further classified as primary or secondary—a secondary guarantee insures loan instruments that are already backed by Government guarantees. The BUDGET RESOLUTION sets targets for primary guarantees.

CROSSWALK:

This term refers to the allocation to committees of the BUDGET AUTHORITY, OUTLAYS, CREDIT AUTHORITY, and ENTITLEMENT AUTHORITY that are contained in a BUDGET RESOLUTION. The CROSSWALK is required by Section 302(a) of the BUDGET ACT. It is made by the Budget Committee and is included in the Committee Report and the Statement of Managers accompanying a conference report on a BUDGET RESOLUTION. The term is sometimes used to refer to the further SUBDIVISION of amounts within a crosswalk (required by Section 302(b) of the ACT), but that is not how it is used in this manual.

CURRENT APPROPRIATION—See APPROPRIATION.

CURRENT HOUSE STATUS:

This term refers to the estimated amount of BUDGET AUTHORITY and OUTLAYS that could be available (or might be used) for

BEST COPY AVAILABLE

the full FISCAL YEAR in question, based on enacted law, conference reports, and House-passed or House-reported bills. Such bills are scored on the basis of the most recent completed action by House or conference committees or the House itself. Senate actions, including amendments to House bills, are not scored until a House committee or the House acts upon them. Current House Status does not include amounts that are assumed in a budget resolution but that have not yet been reported. NOMINAL APPROPRIATIONS for ENTITLEMENT programs are scored at the level in the appropriation bill.

The effect of counting bills at the latest stage of formal House action is that Current House Status represents a potential total for the bills included in it, but is subject to frequent change. Since it does not include unreported appropriations, it does not approximate the total budget outcome until all 13 REGULAR APPROPRIATIONS are reported.

CURRENT LEVEL:

This term refers to the estimated amount of BUDGET AUTHORITY, OUTLAYS, and (when referring to the CROSSWALK) CREDIT and ENTITLEMENT AUTHORITY that are available (or will be used) for the full FISCAL YEAR in question, based only on enacted law. Thus, if an appropriation bill has not yet been enacted, the amounts that would be in it are not part of Current Level. For the purposes of Current Level, NOMINAL APPROPRIATIONS, which are mandatory under existing law (these current appropriations are required to fund appropriated ENTITLEMENTS such as Veterans' Compensation), are treated as though they were already enacted. Thus, the BUDGET AUTHORITY and OUTLAYS associated with existing ENTITLEMENT law are scored as part of Current Level regardless of the status of funding for such programs. There is an analogous Current Level for REVENUES.

The Current Level is used to compare enacted spending with the aggregate ceilings on BUDGET AUTHORITY and OUTLAYS established in a budget resolution and enforced by point of order pursuant to Section 311(a) of the Act.

Likewise, Current Level is used to compare enacted BUDGET AUTHORITY, new ENTITLEMENT AUTHORITY, and CREDIT AUTHORITY with amounts set forth in 302(b) SUBDIVISIONS; those targets are enforced by a point of order pursuant to Section 302(f)(1) of the BUDGET ACT.

The term is also used to describe one component of the CROSSWALK, the amounts enacted or mandated as of agreement to the budget resolution. (Contrast with DISCRETIONARY ACTION.)

CURRENT YEAR—See YEAR.

DEBT:

For the purpose of BUDGET RESOLUTIONS, the term means "debt subject to limit." With minor exceptions, it is the total outstanding principal owed by the Treasury to the public (including the Federal Reserve) and to U.S. Government special and trust funds, due to the sale by the Treasury of bills, notes, and bonds backed by the Government.

BEST COPY AVAILABLE

DEFERRAL—See IMPOUNDMENT.

DEFICIT—See MARGIN.

DEFINITE APPROPRIATION—See APPROPRIATION.

DIRECT LOANS—See CREDIT.

DIRECT SPENDING—See APPROPRIATION.

DIRECT SPENDING COMMITTEE:

A committee that has jurisdiction over direct spending (backdoor appropriations). Such committees are also known as "authorizing committees," but that term refers to a different function—that of authorizing DISCRETIONARY APPROPRIATIONS.

DISCRETIONARY—See CONTROLLABILITY.

DISCRETIONARY ACTION:

This term means any FISCAL YEAR discretionary/controllable funding decisions that have not yet been enacted into law. With reference to a BUDGET RESOLUTION, it means amounts of spending that are assumed but not yet enacted. In the CROSSWALK there is a discretionary action target for BUDGET AUTHORITY, OUTLAYS, CREDIT AUTHORITY, and ENTITLEMENT AUTHORITY. Most discretionary action in a budget resolution CROSSWALK is for the regular discretionary APPROPRIATIONS that are enacted annually by the Appropriations Committee. There is also a discretionary action target for any other committee for which the BUDGET RESOLUTION assumes the enactment of new legislation that would change (increase or decrease) existing permanent or ENTITLEMENT law, or create new permanent or ENTITLEMENT law. All amounts in a BUDGET RESOLUTION are classified either as CURRENT LEVEL or as discretionary action.

ENTITLEMENT:

This term is defined by Section 401(c)(2)(C) of the ACT. It means a program operating under the authority (whether temporary or permanent):

> (C) to make payments (including loans and grants), the budget authority for which is not provided for in advance by appropriation Acts, to any person or government if, under the provisions of the law containing such authority, the United States is obligated to make such payments to persons or governments who meet the requirements established by such law.

In simple terms, an entitlement exists when a person or government has an enforceable right to a payment (or the equivalent) by virtue of a statute other than a simple APPROPRIATION, regardless of the status of funding for the program (i.e., the right is not dependent on BUDGET AUTHORITY's being "provided in advance by appropriation Acts"). Since the right to payment is independent of the status or level of funding, administrative and/or legal problems may result if the funding (whether through NOMINAL APPROPRIATIONS or from a TRUST or REVOLVING fund) is inadequate. There are a number of programs, such as Food Stamps,

that act like entitlements once funding has been provided. However, before an APPROPRIATION is made there is no enforceable right to a payment, so the program is not an entitlement. A payment to a U.S. trust fund is not an entitlement (since a trust fund is not a person or government) but it is mandatory nonetheless as long as the trust fund itself is an entitlement.

ENTITLEMENT AUTHORITY:

This term refers to a single measure of the amount of spending that is estimated to take place in an ENTITLEMENT program. The number used to measure entitlement authority depends on the type of FUND: if the program receives Federal funds, entitlement authority is defined to equal the BUDGET AUTHORITY that is needed to fund the program; if it operates through a revolving or trust fund, entitlement authority is defined to equal the estimated OUTLAYS from the fund. Entitlement authority is either existing or "new entitlement authority."

- *Existing entitlement authority* means that which is associated with enacted ENTITLEMENT law at a given time. For the budget process, the time is usually the completion date of the budget resolution.
- *New entitlement authority,* also known as "NEA," means entitlement authority that is not yet enacted. It should be noted that virtually all sanctions, such as Section 311(a), 302(f), and 303 points of order, apply only to *new* entitlement authority. Further, some sanctions only apply based on the first-year cost of an NEA bill. New entitlement authority is equivalent to DISCRETIONARY ACTION entitlement authority.

FEDERAL FUNDS—See FUNDS.

FISCAL YEAR—See YEAR.

FRONTDOOR APPROPRIATIONS—See APPROPRIATIONS.

FUNCTIONAL CATEGORY:

This term refers to the 21 components into which spending and credit are divided in a budget resolution for analytical and policy purposes. Examples are National Defense, Agriculture, and Health. By common agreement the components of these categories or the categories themselves might change from time to time. The term "function" is often used for short.

FUNDS:

There are three basic types of funds in the budget: Federal, trust, and revolving. Revolving funds are not necessarily an independent type, since they receive their initial capitalization (and needed replenishments) either from Federal or trust funds.

- *Federal Funds* refer to money APPROPRIATED from the general fund of the U.S. Treasury, which in turn receives money from nonearmarked taxes, fees, proprietary receipts, repayments of borrowings and payments of interest by Federal agencies, and by borrowing from the public and from trust funds.

- *Trust Funds* are programs that are supported by earmarked revenue, or in some cases partly or entirely by transfers from the general fund into the trust fund, including interest income.
- *Revolving Funds* generally conduct credit activities, usually direct loan programs, and therefore conduct a cycle of business-type operations. Most commonly, they make loans, receive loan repayments from the public, and use those repayments to make new loans. Thus, the money "revolves." The amount scored is always net of repayments. Some revolving funds, such as stock funds, deal in physical rather than financial assets.

GRAMM-RUDMAN—See BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985.

IMPOUNDMENT:

Any action or inaction by the Executive Branch that delays or prevents the OBLIGATION of BUDGET AUTHORITY. Impoundments must be reported to Congress, which can approve or veto them. If vetoed, the President generally may not reimpound the same funds. The requirements and procedures are specified in Title X of P.L. 93-344, known as the Impoundment Control Act. Impoundments and the congressional responses are of two types.

- *Deferral/Impoundment Resolution* refers to a delay in the OBLIGATION of BUDGET AUTHORITY. If the funds in question are ONE-YEAR funds, the delay must not extend for the full FISCAL YEAR. If they are MULTI-YEAR or NO-YEAR funds, the delay may extend only to the end of the FISCAL YEAR. The President reports deferrals to Congress, and they stand unless overturned by one-House veto. The veto mechanism is know as an "Impoundment Resolution." Congress may also defer all or part of an appropriation by statute; this is the only method to reject a deferral in part. The one-House veto provision and the authority to make deferrals is jeopardized by the Supreme Court decision on legislative vetoes.
- *Rescission/Rescission Bill* refers to the canceling of BUDGET AUTHORITY. See APPROPRIATIONS. This action is done by statute and may be done by congressional initiative; more commonly, though, it is done after the President has impounded funds and requested their rescission. If Congress has not enacted a rescission bill within 45 calendar days of continuous session of receipt of the President's request, the impoundment is automatically vetoed and he must release the impounded funds. Congress may rescind them even after they have been released.

INDEFINITE APPROPRIATION—See APPROPRIATION.

INTRAGOVERNMENTAL RECEIPTS—See OFFSETTING RECEIPTS.

LIMITATIONS—See OBLIGATION LIMITATIONS.

LIQUIDATING CASH:

"Funds" provided by an action by the Appropriations Committee that allows the Treasury to liquidate (i.e., pay off) an existing con-

tractual commitment that was entered into by an agency pursuant to an APPROPRIATION of CONTRACT AUTHORITY. The "appropriation" of liquidating cash is mandatory since the contractual commitment already exists and has been fulfilled.

LOAN GUARANTEES—See CREDIT.

MANDATORY—See CONTROLLABILITY.

MARGIN:

This term refers to the dollar difference between REVENUES and OUTLAYS. It is calculated as REVENUES minus OUTLAYS. In the past, the term was generally used to refer to on-budget activities and agencies, but there is also an OFF-BUDGET margin that can be added directly to the on-budget margin to derive a total Federal Government margin. It is that *total* margin that must not exceed the deficit amounts stated in Gramm-Rudman.

- *Deficit* is the term used when the margin is negative, i.e., REVENUES fall short of OUTLAYS.
- *Surplus* is the term used when the margin is positive, i.e., REVENUES exceed OUTLAYS.
- *Balance* is the term used when the margin is zero, a virtual impossibility. The term is commonly misused to include surplus.

MAXIMUM DEFICIT AMOUNT:

The declining deficit targets stated in the Gramm-Rudman Act. The deficit targets reach zero—a balanced budget—in fiscal year 1991. The deficit targets include both on- and off-budget programs.

MULTI-YEAR APPROPRIATION—See APPROPRIATION.

NOMINAL APPROPRIATION—See APPROPRIATION.

NO-YEAR APPROPRIATION—See APPROPRIATION.

OBLIGATED BALANCES—See OBLIGATIONS.

OBLIGATION LIMITATIONS:

Certain trust or revolving fund expenses are controlled by limiting obligations from their available funds, rather than by reducing their funding. For example, total program obligations from the Highway trust fund, and administrative expenses of the Social Security trust fund, are both controlled through obligation limitations contained in annual appropriations bills.

OBLIGATIONS:

After BUDGET AUTHORITY has been made available by law, an agency may incur obligations, that is, it may commit those funds in a legally binding manner. Examples of obligations are: hiring staff, signing a purchase order, making a grant or contract award, receiving services, or (in an ENTITLEMENT program) approving a recipient's application. There may be a considerable time lag between the time that funds were appropriated and the time that they are obligated. During this period the funds are unobligated balances. After funds are obligated, they do not expire and

BEST COPY AVAILABLE

revert to the Treasury—thus there may be another lag (in some cases years) before the contractual commitment is fulfilled and cash is actually withdrawn from the Treasury as a result (see OUTLAYS). During this latter period, the funds are obligated balances. Unexpended balances are the sum of obligated and unobligated balances.

OFF-BUDGET:

Government programs and agencies that are off-budget have this status by virtue of their authorizing statute, which simply provides that their transactions shall not be counted within the budget totals of the U.S. Government. Were it not for their authorizing statute, they would be counted on-budget like all other programs. The Gramm-Rudman Act moved previously off-budget accounts on budget and moved Social Security off budget. Historically, BUDGET RESOLUTIONS dealt only with on-budget spending, while dealing with total (on- and off-budget) DEBT. In the fiscal year 1986 budget resolution, however, the distinction between on- and off-budget programs was eliminated; in effect, all programs were counted on-budget. Off-budget agencies are not exempt from the provisions of the Impoundment Control Act.

OFFSETTING RECEIPTS AND COLLECTIONS:

Payments to (rather than by) an agency or the Treasury are, with the exception of REVENUES, called OFFSETTING RECEIPTS or OFFSETTING COLLECTIONS. These are of three main types:

- *Loan repayments*, which are received by an agency and may be used to make new loans. (See CREDIT and FUNDS.) These are offsetting collections and are netted against new loans, thus offsetting OBLIGATIONS and OUTLAYS, and often reducing the amount of BUDGET AUTHORITY that is needed.
- *User fees* that are received as a result of specific business-type relationships between a private individual and the Government. An example is the national park entrance fee. If the fee goes into the general fund of the Treasury, it is called a proprietary receipt; if it goes to a specific agency and budget account it is called an offsetting collection. Proprietary receipts are scored as an offset to BUDGET AUTHORITY, OBLIGATIONS, and OUTLAYS (i.e., as negative). Note also that some user fees are revenues.
- *Intragovernmental receipts* are a bookkeeping device. When money flows from one Federal agency to a second, there is no payment to the public. Since the spending from the first agency is scored by it as BUDGET AUTHORITY, OBLIGATIONS, and OUTLAYS, those amounts must be offset. In most such cases funds flow from agency A to agency B to the public. Both agencies score BUDGET AUTHORITY, OBLIGATIONS, and OUTLAYS, so there is double-counting, which the intragovernmental receipt offsets. The amount of the intragovernmental receipt equals the OUTLAYS outflow from agency A, and it is scored in that amount as an offset to aggregate BUDGET AUTHORITY, OBLIGATIONS, and OUTLAYS.

ONE-YEAR APPROPRIATION—See APPROPRIATION.

OUTLAYS:

Outlays occur "when checks are issued or cash disbursed" by the U.S. Treasury to the public (after netting out intragovernmental transactions). However, payments of principal on Treasury borrowings are not counted. (Payments of interest are counted.) OUTLAYS occur as a result of OBLIGATIONS, which in turn resulted from BUDGET AUTHORITY.

- *New outlays* refer to outlays that, in a given FISCAL YEAR, flow from new BUDGET AUTHORITY for that year.
- *Prior-year outlays,* technically "outlays from prior-year budget authority" flow from BUDGET AUTHORITY that was new in some previous FISCAL YEAR. The outlays occur in a later year either because the BUDGET AUTHORITY was not OBLIGATED until the later year, or else because it was OBLIGATED but not expended. Thus BUDGET AUTHORITY measures new funds entering the Federal pipeline in a FISCAL YEAR while OUTLAYS measure the funds flowing from the end of the pipeline in the same year.

PERMANENT APPROPRIATION—See APPROPRIATION.

PROPRIETARY RECEIPTS—See OFFSETTING RECEIPTS.

REAPPROPRIATION—See APPROPRIATION.

REPROGRAMMING—See APPROPRIATION.

RESCISSION—See IMPOUNDMENT, APPROPRIATION.

REVENUES:

This term is a synonym for "receipts" as used by OMB. The latter term is best avoided so as to clearly distinguish revenues from OFFSETTING RECEIPTS. Revenues are cash income to the Treasury other than borrowing and PROPRIETARY RECEIPT. Thus revenues are the amounts raised by taxes, fees, imports, duties, etc. pursuant to Article I, Section 8 of the Constitution. They are a function of the sovereign power of the Government. They flow into the Treasury, where some are diverted to trust funds (or minor special funds) and the rest go to the general fund. Some revenues are considered to be user fees, if they are narrowly based and are closely related to a class of user of Government services.

REVOLVING FUNDS—See FUNDS.

SEQUESTRATION:

This term refers to the automatic formula reduction of BUDGETARY RESOURCES that may be required by the Gramm-Rudman Act. It occurs, once each fiscal year, if and only if the Directors of CBO and OMB project (and the Comptroller General agrees) that the MAXIMUM DEFICIT AMOUNT for the coming FISCAL YEAR will be exceeded by more than a specified cushion. The cushion is zero in fiscal year 1986 and 1991, and $10 billion in fiscal years 1987–1990. The formula exempts a list of specified programs

BEST COPY AVAILABLE

(e.g., interest, Social Security); it limits the amounts by which specified programs may be reduced (e.g., Medicare, indexed retirement and disability programs); it provides that, after retirement COLAs are frozen, all remaining outlay savings from sequestration must come equally from nondefense and defense programs. To the extent possible after applying the above rules, all programs receive equal percentage reduction in their BUDGETARY RESOURCES.

SPENDING—See OUTLAYS.

SPENDING AUTHORITY:

At its broadest, spending authority refers to BUDGET AUTHORITY and ENTITLEMENT AUTHORITY. The BUDGET ACT defines two special types of BUDGET AUTHORITY, CONTRACT AUTHORITY and BORROWING AUTHORITY, but any APPROPRIATION bill or DIRECT SPENDING bill providing FEDERAL FUNDS results in BUDGET AUTHORITY. DIRECT SPENDING may also occur from TRUST or REVOLVING FUNDS. The term also refers to ENTITLEMENT AUTHORITY.

SPENDING BILL:

Any bill or joint resolution affecting the existing level of new BUDGET AUTHORITY or ENTITLEMENT AUTHORITY (if any) for a given fiscal year. A bill is considered a spending bill even if the net BUDGET AUTHORITY or ENTITLEMENT AUTHORITY is zero, if the bill is a spending bill with regard to an individual budget account. Thus, if a bill increases BUDGET AUTHORITY or ENTITLEMENT AUTHORITY to some accounts, and decreases it to others, netting to zero, it is still considered a SPENDING BILL. In general, a bill cannot affect OUTLAYS without also being a spending bill. However, the exception is a bill that affects the timing or use of existing BUDGET AUTHORITY within a budget account, without affecting its amount. Examples are: a resolution overturning a deferral; a bill providing or changing an obligation or administrative limitation on a trust fund; a bill reprogramming funds within an account; a committee funding resoluton. None of these is a SPENDING BILL.

SPENDOUT RATE:

The rate at which new BUDGET AUTHORITY is converted into OUTLAYS. The spendout rate is usually expressed as an annual percentage, e.g., first year equals 30 percent, second year equals 45 percent, and third year equals 25 percent. This means that 30 percent of the new BUDGET AUTHORITY for 1987 can be expected to be spent in that year, 40 percent in 1988, and the remaining 25 percent in 1989.

SUBDIVISION:

Section 302(a) of the ACT requires a CROSSWALK of BUDGET AUTHORITY, OUTLAYS, CREDIT AUTHORITY, and ENTITLEMENT AUTHORITY to each committee of the House of amounts in a BUDGET RESOLUTION. When the amount allocated to a committee is further divided (as among subcommittees) pursuant to Section 302(b) of the ACT, SUBDIVISIONS are produced. These are

then considered the targets against which spending and credit are measured. The DISCRETIONARY ACTION targets for BUDGET, CREDIT, and ENTITLEMENT AUTHORITY are enforced by point of order.

SUPPLEMENTAL APPROPRIATION—See APPROPRIATION.

SURPLUS—See MARGIN.

TERM:

Term (or "term of availability") refers to the period of time in which unobligated balances of BUDGET AUTHORITY may remain available without lapsing or expiring. In general, both permanent and regular appropriations are one-year—if they are not obligated during the BUDGET YEAR, they lapse. But BUDGET AUTHORITY may be multi-year or no-year, as specified by statute.

TRANSFER—See APPROPRIATION.

TRUST FUNDS—See FUNDS.

UNCONTROLLABLE—See CONTROLLABILITY.

UNOBLIGATED BALANCES—See OBLIGATIONS.

YEAR:

In Federal budgeting, "year" customarily refers to the *Fiscal Year*, that is, the twelve-month period starting on October 1 and ending on the following September 30. This is the accounting period for the Federal Budget. The fiscal year begins one quarter before the calendar year, e.g., fiscal year 1986 runs from October 1, 1985, to September 30, 1986. In this document, all years are fiscal unless otherwise specified. The *Budget Year* is the coming fiscal year, toward which most planning and legislative activity is directed. The *Current Year* is the fiscal year already in progress—in theory, at least, virtually all planning and legislative activity for the current year is complete.

Because economic forecasts and data are usually prepared on a calendar year basis, the economic assumptions behind a budget resolution are generally presented by calendar years.

BEST COPY AVAILABLE

ATTACHMENT "G"

HOUSE RULES RELATING TO THE BUDGET ACT

Rule XXIII, cl. 8, House Rules and Manual, Ninety-Ninth Congress, section 876(a):

At the conclusion of general debate in a Committee of the Whole on any concurrent resolution on the budget pursuant to section 305(a) of the Congressional Budget Act of 1974, the concurrent resolution shall be considered as having been read for amendment. It shall not be in order in the House or in a Committee of the Whole to consider an amendment to a concurrent resolution on the budget, or any amendment to an amendment thereto, unless the concurrent resolution as amended by such amendment or amendments (a) would be mathematically consistent (except to the extent that the amendment involved is limited by the third sentence of this clause); and (b) would contain all the matter set forth in subparagraphs (1) through (5) of section 301(a) of the Congressional Budget Act of 1974. It shall not be in order in the House or in a Committee of the Whole to consider an amendment to a concurrent resolution on the budget, or any amendment to an amendment thereto, which changes the amount of the appropriate level of the public debt set forth in the concurrent resolution as reported; except that the amendments to achieve mathematical consistency which are permitted under section 305(a)(6) of the Congressional Budget Act of 1974 may include an amendment, offered by or at the direction of the Committee on the Budget, to adjust the amount of such level to reflect any changes made in the other figures contained in the resolution.

Rule XLIX, House Rules and Manual, Ninety-Ninth Congress, section 945:

RULE XLIX

ESTABLISHMENT OF STATUTORY LIMIT ON THE PUBLIC DEBT

1. Upon the adoption by the Congress (under section 301 or 304 of the Congressional Budget Act of 1974) of any concurrent resolution on the budget setting forth as the appropriate level of the public debt for the period to which such concurrent resolution relates an amount which is different from the amount of the statutory limit on the public debt that would otherwise be in effect for such period, the enrolling clerk of the House of Representatives shall prepare an engrossment of a joint resolution, in the form prescribed in clause 2, increasing or decreasing the statutory limit on the public debt. The vote by which the conference report on the concurrent resolution on the budget was agreed to in the House (or by which the concurrent resolution itself was adopted in the House, if there is no conference report) shall be deemed to have been a

vote in favor of such joint resolution upon final passage in the House of Representatives. Upon the engrossment of such joint resolution it shall be deemed to have passed the House of Representatives and been duly certified and examined; the engrossed copy shall be signed by the Clerk and transmitted to the Senate for further legislative action; and (upon final passage by both Houses) the joint resolution shall be signed by the presiding officers of both Houses and presented to the President for his signature (and otherwise treated for all purposes) in the manner provided for bills and joint resolutions generally.

2. The matter after the resolving clause in any joint resolution described in clause 1 shall be as follows: "That subsection (b) of section 3101 of title 31, United States Code, is amended by striking out the dollar limitation contained in such subsection and inserting in lieu thereof "$ ".', with the blank being filled in with a limitation equal to the appropriate level of the public debt as set forth, pursuant to section 301(a)(5) of the Congressional Budget Act of 1974, in the concurrent resolution on the budget (whether such resolution was adopted under section 301, 304, or 310 of such Act). Only one joint resolution shall be prepared under clause 1 upon the adoption of any concurrent resolution on the budget; and, if the concurrent resolution set forth a different appropriate level of the public debt (pursuant to such section 301(a)(5)) for each of two separate periods, the blank referred to in the preceding sentence shall be filled in with both the limitation which is to apply for the later of the two periods (specifying the date on which that limitation is to take effect) and the limitation which is to apply for the earlier of such periods.

3. The report of the Committee on the Budget of the House of Representatives accompanying any concurrent resolution on the budget under section 301(d) of the Congressional Budget Act of 1974, as well as the joint explanatory statement accompanying the conference report on any concurrent resolution on the budget, shall contain a clear statement of the effect under this rule that the adoption by both the House and the Senate of such concurrent resolution in the form in which it is being reported (and the adoption of the joint resolution thereupon prepared and enrolled under clause 1) would have upon the statutory limit on the public debt. It shall not be in order in the House of Representatives at any time to consider or adopt any concurrent resolution on the budget (or agree to any conference report thereon) if at that time the report accompanying such concurrent resolution (or the joint statement accompanying such conference report) does not comply with the requirements of this clause.

4. Nothing in this rule shall be construed as limiting or otherwise affecting the power of the House of Representatives or the Senate to consider and pass a bill which (without regard to the procedures under clause 1) changes the statutory limit on the public debt most recently established under this rule or otherwise; and the rights of Members and committees of the House with respect to the introduction, consideration, and reporting of any such bill shall be determined as though this rule had not been adopted.

5. As used in this rule, the term "statutory limit on the public debt" means the maximum face amount of obligations issued under

BEST COPY AVAILABLE

authorit of chapter 31 of title 31, United States Code and obligations gu ranteed as to principal and interest by the United States (except uch guaranteed obligations as may be held by the Secretary of the Treasury), determined under section 3101(b) of the title 31 after the application of section 3101(a), title 31 which may be outstanding at any one time.

BEST COPY AVAILABLE

BLANK PAGE

ATTACHMENT "H"

HOUSE PRECEDENTS INTERPRETING THE CONGRESSIONAL BUDGET ACT

Deschler-Brown, Procedure in the U.S. House of Representatives (97th Congress), Chapter 13, subchapter B, sections 6–17:

B. THE CONGRESSIONAL BUDGET PROCESS

§ 6. In General; Impoundment

§ 6.1 The Impoundment Control Act of 1974 [Pub. L. No. 93–344, § 1017(c)] authorizes privileged consideration of a "rescission bill," which is defined in § 1011(3) as a bill to "rescind, in whole or in part, budget authority proposed to be rescinded in a special message transmitted by the President under § 1012, and upon which the Congress completes action before the end of the first period of 45 calendar days of continuous session of the Congress after the date on which the President's message is received by the Congress." For an explanation of these provisions, see 120 CONG. REC. 38193, 38202, 93d Cong. 2d Sess., Dec. 4, 1974 [H.R. 17505].

§ 6.2 Congress is not precluded by § 1017 of the Impoundment Control Act from considering a bill, or a conference report thereon, rescinding budget authority outside of the 45-day time frame established in that law for the initial privileged consideration of that category of rescission bills which approve presidentially-proposed rescissions. 121 CONG. REG. 8484, 8485, 94th Cong. 1st Sess., Mar. 25, 1975 [conference report on H.R. 3260, rescinding certain budget authority].

§ 6.3 Under § 1011(3) of the Impoundment Control Act of 1974, only those amendments to a "rescission bill" would be germane which would either (1) strike rescissions contained in the bill, (2) change the amount proposed to be rescinded but not to a figure in excess of that recommended by the President, or (3) add rescissions recommended by the President in the same message(s) covered by the bill but not in excess of the proposed amount. 120 CONG. REC. 38202, 93d Cong. 2d Sess., Dec. 4, 1974 [H.R. 17505, to rescind certain budget authority recommended by Presidential messages.]

§ 6.4 Section 305(a)(1) of the Budget Act, Public Law No. 93–344, and Rule XI clause 2(l)(6) provide that a concurrent resolution on the budget shall not be considered until the 10th calendar day, excluding Saturdays, Sundays, and legal holidays, following the day on which the report on the resolution has been available to the Members. Nonetheless, by unanimous consent it was made in order to consider such a concurrent resolution on or after a certain day occurring prior to the expiration of the statutory 10-day period, thereby waiving the provisions of the statute and the rule. 121 CONG. REC. 34550, 94th Cong. 1st Sess., Oct. 31, 1975. For two other instances in which the House waived the 10-day period of availabil-

ity of the report of the Committee on the Budget required by § 305(a)(1) of the Congressional Budget Act, see 122 CONG. REC. 27816, 94th Cong. 2d Sess., Aug. 26, 1976, and 123 CONG. REC. 12682, 95th Cong. 1st Sess., Apr. 28, 1977.

§ 6.5 Pursuant to § 305 of the Congressional Budget Act of 1974 [Pub. L. No. 93-344], procedures governing consideration of concurrent resolutions on the budget include (1) 10 hours of general debate equally divided between majority and minority parties, permitting a nondebatable motion to further limit general debate; (2) amendments considered under the five-minute rule; (3) the previous question considered as ordered on the resolution to final adoption at the conclusion of the amendment stage in Committee of the Whole without intervening motion except amendments to achieve mathematical consistency; and (4) no motion to recommit and no motion to reconsider vote on final adoption in order. 121 CONG. REC. 2399, 94th Cong. 1st Sess., Apr. 30, 1975 [H. Con. Res. 218, setting forth the congressional budget on an aggregate basis for fiscal 1976].

§ 6.6 Pursuant to § 305 of the Congressional Budget Act of 1974, when the Committee of the Whole rises on motion at the conclusion of consideration of a concurrent resolution on the budget, the previous question is considered as ordered, no motion to recommit is in order and it is not in order to reconsider the vote by which the concurrent resolution is adopted or rejected. 121 CONG. REC. 36159, 94th Cong. 1st Sess., Nov. 12, 1975 [H. Con. Res. 466, second concurrent resolution on the budget, fiscal 1976].

§ 6.7 Section 310(a)(2) of the Congressional Budget Act of 1974, Public Law No. 93-344, provides that the second concurrent resolution on the budget shall specify the total amount by which revenues are to be changed and direct committees having jurisdiction to determine and recommend changes in the revenue laws to accomplish such a change. Section 310(c)(1) provides that when one committee [of the House or Senate] is directed to determine and recommend changes, that committee shall promptly make such determination and recommendations and report to its House a reconciliation bill or resolution containing such recommendations. 121 CONG. REC. 35958, 94th Cong. 1st Sess., Nov. 11, 1975 [H. Con. Res. 466].

§ 6.8 A provision in the second concurrent resolution on the budget directing the House Committee on Ways and Means and the Senate Committee on Finance to submit to their respective Houses legislation decreasing revenues by a specific amount was held not to destroy the privilege of the concurrent resolution, as such directive did not confer a privileged status upon the legislation submitted pursuant thereto and thus did not involve a change in the rules of the House, and was consistent with the authority conferred in § 310(c)(1) of the Congressional Budget Act upon the Budget Committee to include such a directive in the second concurrent resolution on the budget for a fiscal year. 121 CONG. REC. 35958, 94th Cong. 1st Sess., Nov. 11, 1975 [H. Con. Res. 466, second concurrent resolution on the budget for fiscal year 1976].

§ 6.9 A bill reported from the Committee on Ways and Means, pursuant to a directive imposed upon that committee by both Houses under § 310(c)(1) of the Congressional Budget Act of 1974 to

BEST COPY AVAILABLE

promptly report legislation reducing revenues consistent with the adopted second concurrent resolution on the budget, is considered under the general rules of the House and is accorded no special privileged status by that Act or by the concurrent resolution on the budget. 121 CONG. REC. 35958, 94th Cong. 1st Sess., Nov. 11, 1975 [H. Con. Res. 466, second concurrent resolution on the budget for fiscal year 1976]. *Note:* Rule X clause 4(i) in conjunction with the Budget Act, §310, requires that where only one committee is directed to report a bill or resolution it shall report promptly to the House but no privilege is attached. However, when the Budget Committee directs two or more committees to consider and report certain recommendations, such recommendations are to be transmitted to the Budget Committee, and that committee then is directed, under §310 of the Budget Act, to report a reconciliation bill or resolution carrying out such recommendations. Under Rule XI clause 4(a) such a report of the Budget Committee is privileged.

§6.10 The House, by adoption of the conference report on the second concurrent resolution on the budget for fiscal 1976, activated the provisions of §311(a) of the Congressional Budget Act of 1974 which provide that after enactment of a reconciliation bill mandated by the conference report, it shall not be in order in either House to consider any bill, resolution, or amendment (1) containing new budget authority for fiscal 1976 exceeding levels in the conference report or (2) reducing revenue levels below that set forth in the conference report. 121 CONG. REC. 40204, 94th Cong. 1st Sess., Dec. 12, 1975 [conference report on H. Con. Res. 466, second concurrent resolution on the budget, fiscal 1976]. *Note:* Since the concurrent resolution contained a directive to the House Committee on Ways and Means and the Senate Committee on Finance to submit to each House a reconciliation bill to reduce federal revenues by $6.4 billion, under the provisions of §311(a) of the Budget Act, it is the enactment of the reconciliation bill into law, and not the adoption of the concurrent resolution itself, which activates the prohibition contained in §311 against consideration of subsequent legislation for fiscal 1976 containing new budget authority in excess of levels stated in the conference report, or containing revenue levels below that stated in the report. The two Houses later complied with the directive to reduce federal revenues by enactment of Public Law No. 94-164, wherein the Senate used H.R. 9968, passed by the House on Oct. 6, which pertained solely to the tax treatment of railroad rolling stock of foreign companies, and amended it to contain the $6.4 billion in overall tax reductions mandated by the concurrent resolution.

§6.11 By unanimous consent, the House may agree to consider in the House impoundment resolutions reported from the Committee on Appropriations which were privileged for consideration in Committee of the Whole under §1017(c) of the Impoundment Control Act of 1974. 121 CONG. REC. 41940, 94th Cong. 1st Sess., Dec. 19, 1975 [H. Res. 910, 912-916, disapproving deferrals of certain budget authorities]. *Note:* The three-day rule is not applicable to rescissions and deferrals, Rule XI clause 2(l)(6)(B). These resolutions were considered in the House because they were not subject to amendment under the Impoundment Control Act. See also 122

CONG. REC. 5503, 94th Cong. 2d Sess., Mar. 4, 1976 [H. Res. 1058, disapproving deferral of certain budget authority].

§ 6.12 By unanimous consent, the House agreed to consider five impoundment resolutions reported from the Committee on Appropriations which were privileged for consideration in the Committee of the Whole under § 1017(c) of the Impoundment Control Act of 1974. 121 CONG. REC. 41948, 94th Cong. 1st Sess., Dec. 19, 1975 [H. Res. 920, 922-925, disapproving deferrals of certain budget authorities]. Compare 125 CONG. REC. p. —, 96th Cong. 1st Sess., Mar. 6, 1979 [H.R. 2439], where by unanimous consent a rescission bill reported from the Committee on Appropriations, privileged for consideration in the Committee of the Whole pursuant to the Impoundment Control Act of 1974, was considered in the House as in the Committee of the Whole.

§ 6.13 A point of order against a resolution from the Committee on Rules, which waived provisions of § 401, Public Law No. 93-344 (which section prohibited consideration of bills providing new spending authority unless that authority is to be available only to the extent provided in appropriation acts) on the ground that the Rules Committee did not have authority to waive provisions of law, was overruled, since the provisions waived were enacted as part of the rulemaking power of the House, were part of the rules of the House, and could be waived as could any other rule of the House. 121 CONG. REC. 7676-78, 94th Cong. 1st Sess., Mar. 20, 1975 [H. Res. 337, providing for consideration of H.R. 4485, the Emergency Middle-Income Housing Act of 1975].

§ 6.14 *Note:* While under ordinary procedures, control of time for general debate in Committee of the Whole is by the chairman and ranking minority member of the reporting committee, § 305 of the Congressional Budget Act of 1974 provides that general debate on a concurrent resolution on the budget shall be equally divided between the majority and minority parties, and thus a minority Member not a committee member could control time.

§ 6.15 The Committee on Rules has reported various resolutions waiving points of order under the Budget Act. For example, the committee has reported a special order providing for consideration of a bill and (*inter alia*) waiving points of order against the consideration of the bill for (1) providing advance spending (entitlement) authority in violation of § 303(a)(4) of the Congressional Budget Act, (2) providing entitlement authority for the current fiscal year which would cause levels for budget authority and outlays in the budget resolution to be exceeded in violation of § 311(a) of the Budget Act, (3) providing new spending (contract) authority in violation of § 401(a) of the Budget Act, and (4) providing new spending (entitlement) authority effective before the fiscal year beginning in the calendar year in which reported in violation of § 401(b)(1) of the Budget Act. 125 CONG. REC. p. —, 96th Cong. 1st Sess., May 17, 1979 [H.R. 111, Panama Canal Act of 1979].

§ 6.16 Section 310(f) of the Congressional Budget Act of 1974 prohibits the consideration of a resolution providing for an adjournment *sine die* before completion of the second concurrent resolution on the budget; and the prohibition even applies to a resolution which makes such an adjournment conditional on prior completion of the second budget resolution. 126 CONG. REC. p. —, 96th Cong. 2d

Sess., Oct. 1, 1980. *Note:* An appeal from the Speaker's ruling that consideration of the concurrent resolution was prohibited by § 310(f) was laid on the table, thus sustaining the Chair.

§ 7. Committee Jurisdiction; Recommendations and Reports

§ 7.1 The Congressional Budget Act of 1974 (hereinafter referred to as the Budget Act) established a standing Committee on the Budget in each House. Section 306 of the Budget Act gives the Budget Committee exclusive jurisdiction over any bill, resolution, or amendment which deals with any matter covered by a "concurrent resolution on the budget." Section 310 provides for the reporting by the Budget Committees of reconciliation bills or resolutions involving the actions of two or more committees called for in the second concurrent resolution on the budget. For further discussion of the jurisdiction of the Budget Committees, see part II of H. Rept. 95–1813 [95th Cong.].

§ 7.2 Section 306 of the Budget Act prohibits the consideration of any amendment dealing with matter within the jurisdiction of the House and Senate Budget Committees if offered to a bill or resolution not reported from the Budget Committee or discharged therefrom. See 122 CONG. REC. 19097, 94th Cong. 2d Sess., June 18, 1976 [H.R. 10612, to reform the tax laws of the United States]. In this instance, to an omnibus revenue bill reported to the Senate from the Committee on Finance containing certain tax credits, an amendment expressing the sense of Congress that under the congressional budget process the continuation of tax credits would be offset by reductions in federal spending was held by the Presiding Officer of the Senate to violate § 306 of the Budget Act.

§ 7.3 A point of order against consideration under suspension of the rules of a bill prohibiting House or Senate consideration of a budget resolution or amendment thereto preventing increases in congressional salaries (on the ground that § 306 of the Budget Act precludes consideration in either House of a bill dealing with subject matter within the jurisdiction of the Committees on the Budget unless reported by those committees), was overruled without addressing the jurisdictional question, since the House may under suspension of the rules change its rules including statutory provisions of rules, at any time. 123 CONG. REC. 36310, 36311, 95th Cong. 1st Sess., Nov. 1, 1977 [H.R. 9282].

§ 7.4 *Note:* The Committee on Rules and not the Committee on the Budget has jurisdiction over resolutions to limit or extend the jurisdiction of the Committee on the Budget as well as all other committees, and over resolutions prescribing special times and methods for the consideration of legislation, including concurrent resolutions on the budget. See Rule X clause 1(q).

§ 8. Resolutions on the Budget

§ 8.1 For a general discussion of resolutions on the budget, see part I of H. Rept. 95–1813 (95th Cong.).

§ 8.2 Section 311(a) of the Budget Act prohibits the consideration in either House of any bill or amendment reducing revenues for a fiscal year below the level of revenues set forth in the second concurrent resolution on the budget adopted by both Houses for that fiscal year. See 122 CONG. REC. 34554–57, 94th Cong. 2d Sess.,

Oct. 1, 1976. On this occasion, in the Senate, the Chair sustained a point of order against an amendment which had the effect of reducing revenues for fiscal 1977 below the total level of revenues contained in the final concurrent resolution on the budget for that year, and while an appeal from the Chair's decision was pending the point of order was withdrawn. See also 123 CONG. REC. 6582, 95th Cong. 1st Sess., Mar. 8, 1977 [H. Res. 360, providing for consideration of H.R. 3477, the Tax Reduction and Simplification Act of 1977].

§ 8.3 *Note:* The requirement of § 310(b) of the Budget Act, as to the completion of action on the second concurrent resolution on the budget by September 15, is directory and not mandatory in nature. In one instance, the House completed final action on the second concurrent resolution on the budget on September 16, one day after the suggested completion date set forth in § 310(b). 122 CONG. REC. 30890, 94th Cong. 2d Sess., Sept. 16, 1976 [S. Con. Res. 139, second concurrent resolution on the budget fiscal 1977]. In another instance, the Committee on Rules reported a special order providing for the consideration in the House of a Senate-passed concurrent resolution on the budget which had not been referred to or reported by the Committee on the Budget following rejection by the House of a similar concurrent resolution reported from the Budget Committee. 125 CONG. REC. p. —, 96th Cong., 1st Sess., Sept. 27, 1979 [H. Res. 427].

§ 8.4 The Speaker ruled that § 305(a)(2) of the Budget Act prohibits a motion to reconsider the vote whereby a concurrent resolution on the budget is agreed or disagreed to. 123 CONG. REC. 12549, 95th Cong. 1st Sess., Apr. 27, 1977 [H. Con. Res. 195, first concurrent resolution on the budget, fiscal 1978].

§ 8.5 In response to a parlimentary inquiry, the Chairman of the Committee of the Whole state that budgetary figures agreed to in the first concurrent resolution on the budget were targets only, and did not have any direct effect on existing law, such as denying the right to payments under entitlement programs. 125 CONG. REC. p. —, 96th Cong. 1st Sess., May 14, 1979 [H. Con. Res. 107].

§ 8.6 The question on final adoption of a concurrent resolution on the budget, which contained one section revising the congressional budget for the fiscal year, preceded by sections setting forth budget targets for three ensuing fiscal years as well as reconciliation instructions, and followed by a final section on reporting of certain fiscal information, was divided on the demand of a Member for separate votes on the first and final portions of the resolution and then on the separable section in between. 126 CONG. REC. p. —, 96th Cong. 2d Sess., May 7, 1980 [H. Con. Res. 307].

§ 8.7 The House (and the Senate) agreed by motion to a compromise first concurrent resolution on the budget for fiscal 1981 containing, in addition to (1) aggregate and functional category targets for that year, (2) a public debt limit for the fiscal year to be considered separately by the House pursuant to clause 2 Rule XLIX, (3) new provisions not contained in prior resolutions but included as "other appropriate procedures" under § 301(b)(2) as follows: (a) directing several committees to recommend to their budget committees by a date certain aggregate reductions in budget and spending authority and in outlays for that fiscal year; directing committees

with revenue increases, and directing the Budget Committees thereafter to report to each House reconciliation bills containing those recommendations without substantive change; (b) a provision delaying certain enrollments until adoption of the second budget resolution. The House also agreed to (4) a compromise third concurrent resolution on the budget for fiscal 1980 including reconciliation instructions for that fiscal year. 126 CONG. REC. p. —, 96th Cong. 2d Sess., June 12, 1980 [H. Con. Res. 307].

§ 9. Amendments to Resolutions

§ 9.1 Where there was pending a perfecting amendment changing several figures in a concurrent resolution on the budget, the Chair indicated in response to a parliamentary inquiry that adoption of that amendment would preclude further amendment merely changing those amended figures, but would not preclude more comprehensive amendments changing those figures and also other portions of the resolution which had not been amended. 122 CONG. REC. 11599, 94th Cong. 2d Sess., Apr. 28, 1976 [H. Con. Res. 611, first concurrent resolution on the budget, fiscal 1977]. *Note:* The issue here was whether amendments to functional categories and/or aggregate totals could change amendments already agreed to with respect to some or all of those figures. Generally, if a limited perfecting amendment changing one functional category is agreed to, along with conforming changes in aggregate totals, another amendment further changing that category and also other functional categories not yet changed (the issue then being the relative priorities as between or among those categories) would still be in order under the rationale stated by the Chair.

§ 9.2 Pursuant to § 305(a)(3) of the Budget Act, amendment to achieve "mathematical consistency" in a concurrent resolution on the budget are in order in the House notwithstanding prior adoption by the House of amendments to the same figures. 129 CONG. REC. 11599, 94th Cong. 2d Sess., Apr. 28, 1976 [H. Con. Res. 611, first concurrent resolution on the budget, fiscal 1977].

§ 9.3 The Chairman of the Committee on the Budget offered a perfecting amendment to achieve mathematical consistency in a concurrent resolution on the budget in Committee of the Whole rather than in the House pursuant to § 305(a)(4) of the Budget Act. 122 CONG. REC. 11916, 94th Cong. 2d Sess., Apr. 29, 1976 [H. Cong. Res. 611 first concurrent resolution on the budget, fiscal 1977]. *Note:* The amendment was made necessary by adoption of a substitute which increased the functional category for veterans benefits and the outlay figure in the aggregate totals but which did not adjust the deficit figure accordingly.

§ 9.4 The House amended Rule XXIII by adding a new clause 8 to provide that concurrent resolutions on the budget shall be considered as having been read for amendment (and open to amendment at any point) at the conclusion of general debate. 123 CONG. REC. 53, 95th Cong. 1st Sess., Jan. 4, 1977 [H. Res. 5, adopting the rules for the 95th Congress].

§ 9.5 Although § 301(a)(2) of the Congressional Budget Act requires that the first concurrent resolution on the budget set forth estimates of outlays for functional categories based upon allocations of total budget outlays, under the rules of the House (Rule

60-607 O - 86 - 7

XXIII clause 8) such resolutions are open to amendment at any point, so that the Committee of the Whole may amend the functional categories section prior to consideration of the total budget allocations. 124 CONG. REC. 12094, 95th Cong. 2d Sess., May 2, 1978, [H. Con. Res. 559, first concurrent resolution on the budget, fiscal 1979]. In this instance, the Chairman of the Committee on the Budget objected to a unanimous consent request by a minority member of that committee that the resolution be read for amendment by sections, which would have required amendments to be offered to the aggregate totals section prior to consideration of the functional categories section.

§ 9.6 A resolution was reported from the Committee on Rules, waiving all points of order against a (nongermane) amendment revising the fiscal 1977 congressional budget, to be offered by the Chairman of Committee on the Budget to a concurrent resolution on the budget for fiscal 1978. 123 CONG. REC. 12233, 95th Cong. 1st Sess., Apr. 26, 1977 [H. Res. 195, waiving points of order against amendment to H. Con. Res. 195, first concurrent resolution on the budget for fiscal year 1978]. Section 301(a)(6) of the Budget Act permits "such other matters relating to the budget as may be appropriate" to be included in first concurrent resolution on the budget.

§ 9.7 The Senate adopted an amendment, to a House bill temporarily extending the public debt limit, requiring the Budget Committees of the House and the Senate to report balanced budgets for fiscal years 1981 and 1982. 125 CONG. REC. p. —, 96th Cong. 1st Sess., Mar. 27, 1979 [H.R. 2534]. The Senate amendment, which was agreed to by the House, while requiring reports of balanced budgets, did not require that such proposals be included in concurrent resolutions on the budget. 125 CONG. REC. p. —, 96th Cong. 1st Sess., Apr. 2, 1979 [H. Res. 183, providing for concurring in Senate amendments to H.R. 2534].

§ 9.8 The 96th Congress adopted provisions amending Rule XXIII clause 8 to require all amendments to concurrent resolutions on the budget to be mathematically consistent. 125 CONG. REC. p. —, 96th Cong. 1st Sess., Jan. 15, 1979 [H. Res. 5]. *Note:* Under this rule, amendments making changes in budget authority and outlay aggregate totals must be accompanied by comparable changes in functional categories. Likewise, under this new rule, a point of order will lie against an amendment to a concurrent resolution on the budget increasing the aggregates and a functional category for budget authority and outlays but not changing the amount of the deficit. 125 CONG. REC. p. —, 96th Cong. 1st Sess., May 18, 1979 [H. Con. Res. 107]. However, an amendment to a concurrent resolution which only transfers an amount of budget authority from one functional category to another—that is, reduces one category by a certain amount and adds the same amount to another category—need make no changes in the aggregates to achieve mathematical consistency pursuant to Rule XXIII clause 8 (point of order withdrawn). 125 CONG. REC. p. —, 96th Cong. 1st Sess., May 8, 1979 [H. Con. Res. 107].

§ 9.9 Where the House adopts a mathematically inconsistent amendment to a budget resolution, no point of order having been made, it is then in order to consider, pursuant to § 305(a)(6) of the Congressional Budget Act, an amendment necessary to achieve

mathematical consistency throughout the resolution. The amendment may either change the functional categories to conform with the aggregates, or vice versa, and if such an amendment is offered in the Committee of the Whole and rejected, another amendment in different form to achieve mathematical consistency may be offered in the Committee of the Whole or in the House. 125 CONG. REC. p. —, 96th Cong. 1st Sess., May 14, 1979 [H. Con. Res. 107]. *Note:* Any amendment which, if adopted, requires further action by way of amendment for mathematical consistency to be achieved, cannot itself be said to be mathematically consistent. For other precedents on amendments to achieve mathematical consistency, see §§ 9.2, 9.3, supra.

§ 9.10 Concurrent resolutions on the budget may be considered in the House under a "modified closed" rule, permitting only designated amendments. For the first such rule, see H. Res. 642, 96th Cong. 2d Sess., Apr. 23, 1980.

§ 9.11 An amendment to a second concurrent resolution on the budget must be germane to the text of the resolution; and absent any demonstrable relationship to a specific provision therein, the amendment must only contain matter reaffirming or revising in a germane manner the first concurrent resolution on the budget. An amendment expressing the sense of Congress that the Impoundment Control Act be repealed for the fiscal year and calling for a review of the Budget Act and the budget process, was conceded to be not germane. 126 CONG. REC. p. —, 96th Cong. 2d Sess., Nov. 18, 1980 [H. Con. Res. 448].

§ 10. Conference Reports

§ 10.1 The Budget Act provides special procedures for the reporting and consideration of conference reports on budget resolutions. If the House and Senate conferees are unable to agree on a budget resolution after seven days, they must report to their Houses recommending all matters in agreement and reporting all matters in disagreement. See § 305(d). In one instance, where the conferees on a Senate concurrent resolution on the budget reported in total disagreement on the House amendment in the nature of a substitute therefor, the Senate then amended the House amendment to incorporate the provisions informally agreed upon in conference (but outside the scope of the differences with respect to some functional categories). 122 CONG. REC. 30890, 94th Cong. 2d Sess., Sept. 16, 1976 [S. Con. Res. 139, second concurrent resolution on the budget, fiscal 1977]. In 1979, a point of order that conferees appointed on the second concurrent resolution on the budget for fiscal year 1980 had failed to report within seven days pursuant to the Budget Act of 1974, was withdrawn, after the Speaker pro tempore indicated that the matter was within the control of the conferees and that they were moving toward agreement. 125 CONG. REC. p. —, 96th Cong. 1st Sess., Oct. 19, 1979 [S. Con. Res. 36].

§ 10.2 Under the Budget Act, the joint explanatory statement accompanying a conference report on a concurrent resolution on the budget must include an estimated allocation, based upon such concurrent resolution as recommended in the report, of the appropriate levels of total budget outlays and total new budget authority among each committee with jurisdiction over bills and resolutions

providing such new budget authority. See § 302(a). In one instance, where there were technical errors in the estimated allocation of appropriate levels of budget outlays and total new budget authority among each committee of the House, contained in the joint statement accompanying the conference report on a concurrent resolution on the budget as required by § 302(a) of the Budget Act, the Chairman of the House Committee on the Budget, by unanimous consent, inserted a corrected estimated allocation in the Record. 122 CONG. REC. 13758, 13759, 94th Cong. 2d Sess., May 13, 1976 [S. Con. Res. 109, first concurrent resolution on the budget, fiscal 1977]. *Note:* The adoption of the conference report on a concurrent resolution on the budget by both Houses triggers the reporting requirement by all House and Senate committees of their suballocations of budget outlays and new budget authority (including new spending "entitlement" authority) among their subcommittees under § 302(b). In a similar instance in the 96th Congress, following the adoption of a motion in the Senate to amend a House concurrent resolution on the budget reported from conference in disagreement, Senate committee allocations which, under § 302 of the Congressional Budget Act, should have been included in the joint statement, were inserted in the Record by unanimous consent. 125 CONG. REC. p. —, 96th Cong. 1st Sess., May 23, 1979 [H. Con. Res. 107]. Likewise, by unanimous consent, the Chairman of the Committee on the Budget inserted in the Record certain committee allocations under the most recently agreed to concurrent resolution on the budget, where the statement of managers on the conference report on such resolution, filed in disagreement, reflected an informal agreement reached in conference but did not reflect subsequent actions in the two Houses on the concurrent resolution. 125 CONG. REC. p. —, 96th Cong. 1st Sess., June 4, 1979 [H. Con. Res. 107]. See 126 CONG. REC. p. —, 96th Cong. 2d Sess., Feb. 6, 1980, where the § 302 allocations were also put in place by unanimous consent.

§ 10.3 While under § 305(a)(4) of the Budget Act there can be up to five hours of debate on a conference report on a concurrent resolution on the budget equally divided between the majority and minority parties, where the conferees report in total disagreement, debate on the motion to dispose of the amendment in disagreement is not covered by the statute and is instead under the general "hour" rule in the House. 122 CONG. REC. 13756, 94th Cong. 2d Sess., May 13, 1976 [S. Con. Res. 109, the first concurrent resolution on the budget, fiscal 1977] and 123 CONG. REC. 15126, 95th Cong. 1st Sess., May 17, 1977 [S. Con. Res. 19, the first concurrent resolution on the budget, fiscal 1978]. For another precedent indicating that only one hour of debate is allowed under the general rules of the House on a motion to dispose of a Senate amendment added to a budget resolution by the Senate after consideration and a conference report in disagreement, see 124 CONG. REC. 14117, 95th Cong. 2d Sess., May 17, 1978 [S. Con. Res. 80, first concurrent resolution on the budget, fiscal year 1979].

§ 10.4 A conference report, filed in total disagreement on the first concurrent resolution on the budget for the ensuing fiscal year, contained a revision of the current year budget resolution and separate House and Senate projections for balanced budget ag-

gregates for two future fiscal years. 125 CONG. REC. p. —, 96th Cong. 1st Sess., May 21, 1979 [H. Con. Res. 107].

§ 10.5 Conferees on the second concurrent resolution on the budget for fiscal year 1980 filed a conference report in disagreement together with a joint statement indicating that the managers on the part of the Senate would offer a motion in the Senate to concur in a House amendment with an amendment containing compromise budget figures and reconciliation instructions originally passed by the Senate, and that the managers on the part of the House would then offer a motion to concur in the Senate amendment with an amendment to strike the reconciliation instructions. 125 CONG. REC. p. —, 96th Cong. 1st Sess., Nov. 2, 1979 [S. Con. Res. 36].

§ 10.6 On the "Omnibus Reconciliation Act of 1980" considered in both Houses pursuant to the first concurrent resolution on the budget for the ensuing fiscal year, directing designated committees to report reconciliation legislation to the Budget Committees pursuant to § 310 of the Congressional Budget Act, and where those legislative committees had managed their respective portions of the bill during House consideration, the Speaker appointed five members of the Budget Committee to confer in conference on the entire bill and Senate amendment, and appointed at least six members from each legislative committee to confer in conference solely on the designated portions of the bill and Senate amendment within their respective jurisdictions. 126 CONG. REC. p. —, 96th Cong. 2d Sess., Sept. 18, 1980 [H.R. 7755].

§ 11. First Budget Resolution; Relationship to Consideration of Bills Providing New Budget Authority, Revenue Changes, and New Spending Authority

§ 11.1 *Note:* See part I of H. Rept. 95-1813 (95th Cong.) for a discussion of the effect of adoption of the first budget resolution as prerequisite on consideration of revenue, spending, entitlement or debt legislation for the fiscal year.

§ 11.2 Section 303(a) of the Budget Act prohibits the consideration in either House of any bill or amendment thereto containing new spending (entitlement) authority which becomes effective during a fiscal year until the adoption of the first concurrent resolution on the budget for that fiscal year. 122 CONG. REC. 34074, 94th Cong. 2d Sess., Sept. 30, 1976 [Conf. Rept. on H.R. 13367, to extend the State and Local Fiscal Assistance Act of 1972]. In this instance, a conference report containing new spending "entitlement" authority to become effective in fiscal years 1978-1980 in amounts increased over fiscal 1977 was ruled out on a point of order under § 308(a) of the Budget Act, since the first concurrent resolution on the budget for fiscal 1978 had not yet been adopted and the increased entitlements could not be considered merely continuations of entitlement authority which became effective in the fiscal year (1977) for which a concurrent resolution had been adopted. See also 123 CONG. REC. 25222, 95th Cong. 1st Sess., July 27, 1977 [H.R. 7171], where an amendment relating to the food stamp program was ruled out for the same reason. On this occasion, to a section of a committee amendment providing eligibility for benefits under the food stamp program and allowing an excess shelter-cost

deduction not to exceed a certain dollar limit in computing household income, an amendment requiring an adjustment in the deduction ceiling, effective Jan. 1, 1979, to reflect changes in shelter and utility costs, was ruled out as providing new spending (entitlement) authority to become effective in a fiscal year for which a concurrent resolution on the budget had not yet been adopted, in violation of § 303(a)(4) of the Budget Act.

§ 11.3 The exception in § 303(b)—which permits the consideration of bills and amendments containing new budget authority which first becomes available in a fiscal year following that covered by the first concurrent resolution on the budget—does not apply to bills or amendments containing "new spending (entitlement) authority" for future fiscal years, and the consideration of such measures must await the adoption by both Houses of the targeting concurrent resolution on the budget for the fiscal year in question. 122 CONG. REC. 34075, 94th Cong. 2d Sess., Sept. 30, 1976.

§ 11.4 The definition of new spending "entitlement" authority contained in § 401(c)(2)(C) of the Budget Act, and incorporated by reference into the prohibition in § 303(a) against consideration of future year entitlement bills and amendments, includes revenue sharing spending authority in the form of entitlements. 122 CONG. REC. 34075, 94th Cong. 2d Sess., Sept. 30, 1976. *Note:* The exception from the definition of new spending authority accorded to revenue sharing programs in § 401(d)(2) does not apply to new "entitlement" authority for future fiscal years, but only to entitlements immediately vesting as defined in § 401(c)(2)(C).

§ 11.5 In the Senate in response to a parliamentary inquiry, the Chair indicated that an amendment containing new spending "entitlement" authority (supplemental security income benefits for Puerto Rico, the Virgin Islands and Guam), becoming effective in fiscal 1978, was in violation of § 303(a) of the Budget Act, which precludes consideration of such an amendment until the first concurrent resolution on the budget for the fiscal year has been adopted. 122 CONG. REC. 34551, 94th Cong. 2d Sess., Oct. 1, 1976. *Note:* Having ruled that an amendment containing new "entitlements" becoming effective in a future fiscal year would be subject to a point of order under § 303(a) of the Budget Act, the Chair indicated that a revision of that amendment vesting the entitlements just prior to the new fiscal year (in the fiscal year for which the concurrent resolution had already been adopted) might not constitute a § 303(a) violation.

§ 11.6 The Senate by overuling the decision of the Chair on a point of order determined that the Senate could, during fiscal year 1979 (but during calendar year 1978), consider bills or amendments providing revenue changes first becoming effective in fiscal year 1980 without violating § 303 of the Congressional Budget Act, which prohibits consideration of bills on amendments providing increases or decreases in revenues to become effective during a fiscal year until the first concurrent resolution on the budget for such year had been agreed to, but which excepts revenue changes first becoming effective in a fiscal year following the fiscal year to which the concurrent resolution applies (where the position of the House Committee on the Budget, as provided in an implementing report, would prohibit initial House consideration of such bills and

amendments after the beginning of fiscal year 1979). 124 CONG. REC. 33945, 95th Cong. 2d Sess., Oct. 5, 1978 [H.R. 13511, the Revenue Act of 1978].

§ 12. Waiving Points of Order Against Future-year Spending or Revenue Legislation

§ 12.1 In several instances, the House adopted a resolution waiving points of order against consideration of a bill containing new spending (entitlement) authority to vest in a fiscal year for which a budget resolution had not yet been adopted, in violation of § 303(a) of the Budget Act. 122 CONG. REC. 7396, 94th Cong. 2d Sess., Mar. 22, 1976 [H. Res. 1090, providing for consideration of H.R. 12226, Peace Corps authorization, fiscal 1977]. See also 123 CONG. REC. 23698, 95th Cong. 1st. Sess., July 19, 1977 [H. Res. 666, providing for consideration of H.R. 7171, Agricultural Act of 1977]. *Note:* In this instance, the § 303(a) Budget Act waiver was necessitated by provisions increasing crop support payments for future fiscal years. See also 123 CONG. REC. 35438, 95th Cong. 1st Sess., Oct. 27, 1977 [H. Res. 826, providing a waiver of § 303(a) of the Budget Act, and for consideration of H.R. 8200, Bankruptcy Law Revision].

§ 12.2 A resolution was reported from Committee on Rules waiving all points of order against consideration of a conference report containing "new budget authority" (to incur obligations for fiscal 1977 in advance of adoption of first concurrent resolution on the budget for that year in violation of § 303(a) of the Budget Act). 122 CONG. REC. 10811, 94th Cong. 2d Sess., Apr. 13, 1976 [H. Res. 1141, waiving points of order against a conference report on H.R. 8235, federal-aid highway authorization]. 121 CONG. REC. 40846, 94th Cong. 1st Sess., Dec. 16, 1975 [H. Res. 929, providing for consideration of H.R. 8235], 121 CONG. REC. 41437, 41438, 94th Cong. 1st Sess., Dec. 17, 1975 [H. Res. 930, providing for consideration of H.R. 9771].

§ 12.3 A resolution waived points of order against consideration of a committee substitute containing entitlement authority for fiscal 1978 prior to the adoption of the concurrent resolution on the budget for that fiscal year (in violation of § 303(a) of the Budget Act). 122 CONG. REC. 27507, 94th Cong. 2d Sess., Aug. 24, 1976 [H. Res. 1433, providing for consideration of H.R. 14070, Guaranteed Student Loan Amendments of 1976]. *Note:* A § 303(a) waiver was necessary against the committee amendment because the amendment increased the special allowance provision of the student loan program effective October 1, 1977, and increased the income factor for interest benefits effective October 1, 1977. Thus the amendment created new entitlements to become effective in a fiscal year before the concurrent resolution on the budget for that year was agreed to, a violation of § 303(a). Section 303(b) of the Budget Act excepts new "budget authority" from the prohibitions contained in § 303(a), but does not contain a comparable exception for new "spending" authority becoming effective in future fiscal years.

§ 12.4 A resolution waived points of order against consideration of the text of another bill as amendment in the nature of a substitute containing new "entitlement" authority becoming effective in a future fiscal year prior to the adoption of the concurrent resolu-

tion on the budget for that year in violation of § 303(a) of the Budget Act. 122 CONG. REC. 27833, 27834, 94th Cong. 2d Sess., Aug. 26, 1976 [H. Res. 1467, providing for consideration of H.R. 8911, Supplemental Security Income Amendments of 1976].

§ 12.5 A resolution waived points of order against consideration of a bill relating to foreign service personnel and containing new spending (entitlement) authority to become effective in a fiscal year for which a concurrent resolution on the budget had not been agreed to, in violation of § 303(a) of the Budget Act. 123 CONG. REC. 13390 et seq., 95th Cong. 1st Sess., May 4, 1977 [H. Res. 537, providing for consideration of H.R. 6689, Foreign Relations Authorization Act for fiscal year 1978]. *Note:* Title II of the bill, which contained both future and immediate entitlements in relation to the foreign service personnel system, was cured by floor amendment.

§ 12.6 A resolution providing for consideration of a bill reported from the ad hoc Committee on Energy waived points of order against the consideration of the bill as containing increases in revenues to become effective in a fiscal year following the fiscal year for which a concurrent resolution on the budget had been adopted in violation of § 303(a) of the Budget Act. 123 CONG. REC. 25654, 95th Cong. 1st Sess., July 29, 1977 [H. Res. 727, providing for consideration of H.R. 8444, National Energy Act of 1977].

§ 13. Legislation Authorizing New Budget Authority—May 15 Reporting Date

§ 13.1 Section 402(a) of the Budget Act prohibits consideration in the House of a bill or resolution authorizing enactment of new budget authority for a fiscal year unless that bill has been reported from committee by May 15 preceding such fiscal year. (For a discussion of the significance of the May 15 reporting date, see Part I of H. Rept. No. 95–1813.) The House may waive this requirement in a specific case (see § 13.2, infra), and has permitted, by unanimous consent, all committees to have until midnight on the 15th to file although the House would not be in session on that date. 122 CONG. REC. 12992, 94th Cong. 2d Sess., May 7, 1976.

§ 13.2 In a number of instances, the House adopted a resolution waiving points of order against the consideration of a bill containing authorization for the enactment of new budget authority and not reported by May 15 preceding the fiscal year, in violation of § 402(a) of the Budget Act. 122 CONG. REC. 28888, 94th Cong. 2d Sess., Sept. 1, 1976 [H. Res. 1512, providing for consideration of H.R. 14886, Presidential Transition Act Amendments]; 123 CONG. REC. 6290, 95th Cong. 1st Sess., Mar. 4, 1977 [H. Res. 359, providing for consideration of H.R. 2846, the John F. Kennedy Center Act Amendments]; 123 CONG. REC. 28367, 95th Cong. 1st Sess., Sept. 9, 1977 [H. Res. 728, providing for consideration of H.R. 2176, Federal Banking Agency Audit Act]; 123 CONG. REC. 30071, 95th Cong. 1st Sess., Sept. 21, 1977 [H. Res. 620, providing for consideration of H.R. 7073, Federal Insecticide, Fungicide and Rodenticide Act]; 123 CONG. REC. 33455, 95th Cong. 1st Sess., Oct. 12, 1977 [H. Res. 815, providing for consideration of H.R. 8390, Defense Department Supplemental Authorization Act, 1978].

§ 13.3 The House adopted a resolution waiving points of order against the consideration of a Senate bill pending in the Interstate

and Foreign Commerce Committee containing a fiscal year authorization not contained in the House bill and not reported by May 15 as required by § 402(a) of the Budget Act. 122 CONG. REC. 27158, 94th Cong. 2d Sess., Aug. 23, 1976 [H. Res. 1458, providing for consideration of H.R. 14032, Toxic Substances Control Act]. *Note:* A waiver of § 402(a) against the consideration of the Senate bill was necessary since the Senate bill contained an authorization for fiscal year 1977 (although the House bill did not) and was not reported in the House by May 15, and because the Senate bill did not come within the exception of § 402(d) permitting consideration of a companion or similar bill of the Senate if the House bill is in order.

§ 13.4 The House adopted a resolution discharging the International Relations Committee from a bill and requiring immediate consideration in the House of the bill, which authorized funds for fiscal 1977 to implement a treaty. The resolution also made it in order to call up a Senate bill relating to the treaty and containing a fiscal 1977 authorization not reported by May 15 in violation of § 402(a) of the Budget Act, and waived points of order based on that violation. 122 CONG. REC. 30219, 94th Cong. 2d Sess., Sept. 14, 1976 [H. Res. 1519, providing for consideration of H.R. 14940 and S. 3557, implementation of the Treaty of Friendship with Spain]. *Note:* The House bill did not violate § 402 because it was not a new authorization for fiscal 1977, but rather an earmarking of funds already authorized by law. The Senate bill, however, provided additional 1977 authorizations, and was thus subject to a § 402 point of order.

§ 13.5 The House adopted a resolution waiving points of order against the consideration of a bill containing authorizations for the next fiscal year (1977) but reported after May 15 in violation of § 402(a) of the Budget Act. 122 CONG. REC. 33564, 33565, 94th Cong. 2d Sess., Sept. 29, 1976 [H. Res. 1580, providing for consideration of H.R. 15636, Water Resources Development Act]. *Note:* A committee substitute delayed all new authorizations until fiscal 1978—a condition required by the Budget and Rules Committees in recommending the § 402(a) waiver against the original bill and its fiscal 1977 authorizations.

§ 13.6 The House adopted a resolution waiving points of order against (1) consideration of bill creating a new Department of Energy and containing authorizations immediately effective in the current fiscal year, the bill not having been reported by May 15 of the prior year in violation of § 402(a) of the Budget Act, and (2) consideration in the House of a similar Senate bill on the Speaker's table containing immediate authorizations in violation of the same provision of the Budget Act. 123 CONG. REC. 17258, 95th Cong. 1st Sess., June 2, 1977 [H. Res. 603, providing for consideration of H.R. 6804 and S. 826, Department of Energy Organization Act]. *Note:* Under § 402(d), where a House bill has been reported by May 15 prior to the fiscal year in which authorization begins, it is then in order to consider a similar or companion Senate bill notwithstanding the provisions of § 402(a). However, if points of order under § 402(a) are waived against a House bill, they must also be waived against consideration of similar or companion Senate bill.

§ 13.7 The Committee on Rules made in order an amendment in the nature of a substitute reported by the Committee on Agriculture to one bill as an amendment in the nature of a substitute to

another bill reported by that committee on which consideration had begun in the Committee of the Whole pursuant to a previous special order reported from the Committee on Rules. 123 CONG. REC. 35990, 95th Cong. 1st Sess., Oct. 1977 [H. Res. 830, providing for further consideration of H.R. 7073]. *Note:* As indicated in debate on the resolution, this procedure was necessitated by the Budget Act provisions requiring authorizations to be reported by May 15; basic authorizing legislation had been reported by May 15, but the more comprehensive legislation was reported later to be made in order as an amendment to the bill already under consideration.

§ 14. Measures Containing New Entitlement Authority

§ 14.1 Section 401(b) of the Budget Act prohibits consideration of any bill or amendment (which includes a conference report—a recommended amendment) containing new spending authority defined as an entitlement where the U.S. is obligated to make payments to recipients meeting the qualifications contained in that law, if that entitlement vests prior to the fiscal year which begins during the same calendar year in which the bill or amendment has been reported. See 122 CONG. REC. 7650, 94th Cong. 2d Sess., Mar. 23, 1976 [conference report on H.R. 9803, providing additional funds for social services day care under title XX of the Social Security Act]. *Note:* In this case, though the bill had originally been reported in the House during 1975, the Senate amendment (nongermane) which contained the entitlement was not reported until 1976; it was determined that unless waived, a point of order would lie against the conference report if reported in 1976 and if it contained an entitlement which vested prior to the beginning of fiscal 1977 on October 1, 1976. Accordingly, in this instance, a resolution (H. Res. 1092) was reported from the Committee on Rules, waiving points of order against consideration of the conference report based on a violation of § 401(b).

§ 14.2 In numerous instances, the House has adopted a resolution waiving points of order against consideration of a bill containing new spending "entitlement" authority to become effective prior to the fiscal year beginning in the calendar year in which the bill is reported as proscribed by § 401(b) of the Budget Act. 122 CONG. REC. 15368-70, 94th Cong. 2d Sess., May 25, 1976 [H. Res. 1214, providing for consideration of H.R. 12945, to amend laws relating to housing and community development]. *Note:* For similar waivers, see 122 CONG. REC. 12000-02, 94th Cong. 2d Sess., Apr. 30, 1976 [H. Res. 1155, providing for consideration of H.R. 365, the Firefighters Benefits Act, and H. Res. 1156, providing for consideration of H.R. 366, the Public Safety Officers Benefits Act]; 122 CONG. REC. 27833, 27834, 94th Cong. 2d Sess., Aug. 26, 1976 [H. Res. 1467, providing for consideration of H.R. 8911, the Supplemental Security Income Amendments of 1976]; 122 CONG. REC. 29927, 29928, 94th Cong. 2d Sess., Sept. 13, 1976 [H. Res. 1432, providing for consideration of H.R. 13958, the Defense Officer Personnel Management Act]; 122 CONG. REC. 32488, 32489, 94th Cong. 2d Sess., Sept. 27, 1976 [H. Res. 1548]; 123 CONG. REC. 13884, 95th Cong. 1st Sess., May 6, 1977 [H. Res. 541, providing for consideration of H.R. 6655, the Housing and Community Development Act of 1977]; 123 CONG. REC. 23698, 95th Cong. 1st Sess., July 19, 1977 [H. Res. 666, providing for consider-

ation of H.R. 7171, the Agricultural Act of 1977]. See also 122 CONG. REC. 27507, 94th Cong. 2d Sess., Aug. 24, 1976 [H. Res. 1433, providing for consideration of H.R. 14070, the Guaranteed Student Loan Amendments of 1976]. *Note:* The measure needed a waiver of § 401(b) of the Budget Act because it extended the Insured Student Loan Program Insurance Fund authority, through the transitional period, July 1 to September 30, 1976, creating an entitlement effective before the commencement of fiscal year 1977.

§ 14.3 It is not in order to consider an amendment, including an amendment recommended in a conference report, which provides new entitlement authority to become effective before the first day of the fiscal year beginning in the calendar year in which the bill was reported, under § 401(b) of the Budget Act. 122 CONG. REC. 32099, 94th Cong. 2d Sess., Sept. 23, 1976 [H.R. 10339, the Farmer-to-Consumer Direct Marketing Act of 1976]. In this instance, a provision in a conference report requiring the President to direct the Secretary of Agriculture to pay a fixed percentage of the cost of transporting agricultural commodities to major disaster areas upon the date of enactment was held to constitute new spending "entitlement" authority which could become effective prior to the fiscal year beginning during the calendar year in which the bill had been reported.

§ 14.4 A conference report containing a Senate amendment which provided new spending "entitlement" authority in violation of § 401(b) of the Budget Act having been ruled out on a point of order, the House adopted a privileged motion to recede and concur with an amendment which postponed the effectiveness of the entitlement until after the commencement of the fiscal year beginning in the calendar year in which the bill had been reported. 122 CONG. REC. 32108, 94th Cong. 2d Sess., Sept. 23, 1976 [H.R. 10339, The Farmer-to-Consumer Direct Marketing Act of 1976].

§ 15. Entitlement Legislation Referred to Committee on Appropriations

§ 15.1 Section 401(b)(2) of the Budget Act requires a 15-day referral to the Committee on Appropriations of any reported bill which contains new spending authority in excess of the allocation of new budget authority contained in the report filed pursuant to § 302(b) of that act by the Committee reporting the bill, for consideration by the Committee on Appropriations of amendments limiting the total amount of new spending authority in the bill. 122 CONG. REC. 14093, 94th Cong. 2d Sess., May 17, 1976 [H.R. 13615, to amend the Central Intelligence Act of 1964]; 123 CONG. REC. 5370, 95th Cong. 1st Sess., Feb. 24, 1977 [H.R. 3477, the Tax Reduction and Simplification Act of 1977].

§ 15.2 Where two committees had not yet filed reports with the House subdividing among its subcommittees or programs new budget authority allocated to them in the joint statement accompanying a conference report on the concurrent resolution on the budget (as required by § 302(b) of the Budget Act), but where bills reported by those committees contained new spending "entitlement" authority in excess of the total allocations to those committees in the joint statement under § 302(a), the Speaker referred those bills sequentially to the Committee on Appropriations for not

more than 15 days as required by § 401(b)(2), 122 CONG. REC. 14093, 94th Cong. 2d Sess., May 17, 1976. *Note:* The Committees on Armed Services and Government Operations had not filed their § 302(b) reports with the House allocating spending authority among their subcommittees, but according to Congressional Budget Office estimates in both bills the amount of "entitlement" authority exceeded the total amount allocated to those committees in the joint statement of the conference report on the first concurrent resolution on the budget, fiscal 1977.

§ 15.3 Where the Committee on Armed Services had previously reported a bill containing new spending "entitlement" authority in excess of the total allocation to that committee in the joint statement accompanying the conference report on the first concurrent resolution on the budget, and that bill had been referred to the Committee on Appropriations as required by § 401(b)(2) of the Budget Act, the Speaker subsequently referred all other bills reported from the Committee on Armed Services which contained "entitlement" authority to the Committee on Appropriations in like manner, since the total allocation of such spending authority to the Committee on Armed Services for that fiscal year had already been exceeded in the first reported bill. 122 CONG. REC. 27775, 94th Cong. 2d Sess., Aug. 25, 1976 [H.R. 4105, to amend 10 USC § 1402(a), to revise the rule for computation of retired or retainer pay to reflect later active duty]. *Note:* Since the sole issue presented by the bill was the extent, if any, of the entitlement, the Committee on Appropriations reported the bill adversely on September 17, 1976 (H. Rept. 94-1435, part II) rather than reporting it with an amendment limiting the total amount of spending authority therein.

§ 15.4 Where the Committee on Ways and Means reported a bill on tax reform containing a provision for a "rebate" for taxpayers, including those who paid less tax than the amount of the rebate, and the second concurrent resolution on the budget for fiscal year 1977 did not include the loss in revenues and the increase in budget outlays necessary to implement such rebate, the bill was referred to the Committee on Appropriations for a 15-day period pursuant to § 401(b)(2) of the Budget Act. 123 CONG. REC. 5370, 95th Cong. 1st Sess., Feb. 24, 1977 [H.R. 3477, the Tax Reduction and Simplification Act of 1977]. *Note:* In this instance the question was whether the rebate constituted an entitlement under § 401 of the Budget Act. With respect to taxpayers who paid more than $50 in taxes in fiscal year 1977, the $50 rebate constituted a decrease in revenues which was not subject to the referral procedures in § 401 of the Budget Act (but which would be set forth in the third concurrent resolution on the budget). For those people who paid less than $50 in taxes, or none at all, the payment could be made not as a refund in tax payments but as an expenditure from a standing appropriation in existing law whose purpose was to make refund payments. Since the rebate provision therefore entitled persons to payment out of a fund for a purpose other than that for which the fund was created, the rebate was viewed in part as new spending authority in the form of an entitlement.

§ 15.5 A bill, reported from the Committee on Armed Services and providing new spending (entitlement) authority exceeding the

allocation of spending authority to that committee for that purpose for the fiscal year in question, was referred pursuant to § 401(b)(2) of the Budget Act to the Committee on Appropriations for a period not to exceed 15 days. 123 CONG. REC. 27161, 95th Cong. 1st Sess., Aug. 4, 1977 [H.R. 5503, to amend Titles 10 and 37 of the United States Code relating to appointment, promotion, separation, and retirement of members of the armed forces.]

§15.6 The Speaker may discharge a bill from the Union Calendar for reference to the Committee on Appropriations pursuant to § 401(b) of the Budget Act whenever it appears that the bill as reported contains new spending (entitlement) authority exceeding the allocation to the reporting committee for the appropriate fiscal year, as reported under § 302(b) of the act. 123 CONG. REC. 28173, 95th Cong. 1st Sess., Sept. 8, 1977 [H.R. 3813, to amend an act establishing a Redwood National Park in California]. Thus, when a bill has been reported from committee and placed on the Union Calendar prior to the final adoption of a concurrent resolution on the budget and the publication by the Budget Committee of committee allocations of new entitlement authority, and the new entitlement authority provided by the bill exceeds the amount of such authority allocated to the committee for the fiscal year in question, the Speaker may discharge the bill from the Union Calendar and refer the bill to the Committee on Appropriations pursuant to § 401(b) of the Congressional Budget Act. 125 CONG. REC. p. —, 96th Cong. 1st Sess., June 5, 1979 [H.R. 3398, a bill reported from the Committee on Agriculture amending the Food and Agriculture Act of 1977 to increase target prices of 1979 crops of certain commodities]; 125 CONG. REC. p. —, 96th Cong. 1st Sess., June 6, 1979 [H.R. 3434, a bill reported from the Committee on Ways and Means amending the Social Security Act to increase eligibility and payments in the child welfare and social services programs]. See also 124 CONG. REC. 28543, 95th Cong. 2d Sess., Sept. 8, 1978, where the Speaker under § 401(b) discharged H.R. 13611 from the Union Calendar and referred it to the Committee on Appropriations for 15 days. The Speaker has exercised such authority where the need for a § 401(b) reference did not become apparent until after the bill had been reported. See 124 CONG. REC. 21786, 95th Cong. 2d Sess., July 19, 1978 [H.R. 12511].

§ 15.7 The Speaker referred to the Union Calendar a bill reported from the Committee on Ways and Means containing, *inter alia*, authority for per diem payments for National Commission on Unemployment personnel at "not to exceed" a certain rate, which the Speaker construed not to contain an entitlement for the ensuing fiscal year exceeding the allocation of new spending authority conferred upon the Committee on Ways and Means by the first concurrent resolution on the budget, since the language merely imposed a ceiling on payments and was not an "entitlement" to any per diem allowance. 125 CONG. REC. p. —, 96th Cong. 1st Sess., June 6, 1979 [H.R. 3920].

§ 15.8 Where a bill, initially reported from the Committee on Post Office and Civil Service and containing new spending (entitlement) authority in excess of the amount allocated to that committee during fiscal 1980 by the most recent concurrent resolution on the budget, had been sequentially referred to the Committee on

Appropriations for 15 legislative days pursuant to § 401 of the Congressional Budget Act, and a large portion of that referral period had been consumed by pro forma sessions, the Chairman of the Appropriations Committee obtained unanimous consent to extend the referral period for an additional 15 legislative days. 126 CONG. REC. p. —, 96th Cong. 2d Sess., Jan. 24, 1980.

§ 16. Measures Containing Contract or Borrowing Authority Not Subject to Advance Appropriations

§ 16.1 Section 401(a) of the Budget Act prohibits the consideration of a bill or amendment (including a conference report) containing new spending authority in the form of authority to incur indebtedness for the repayment of which the United States is liable, the budget authority for which is not provided in advance by appropriation acts. 122 CONG. REC. 32655, 94th Cong. 2d Sess., Sept. 27, 1976 [Conf. Rept. on H.R. 5546, the Health Professional Education Assistance Act of 1976]. See part I of H. Rept. 95-1813 for a discussion of special Budget Act procedures relating to "backdoor spending" legislation.

§ 16.2 A conference report authorizing the Secretary of Health, Education, and Welfare to borrow funds by issuing government notes as a public debt transaction to make payments in connection with defaults on loans by medical students, not subject to amounts specified in advance in appropriation acts, was conceded to violate § 401(a) of the Budget Act and was ruled out on a point of order. 122 CONG. REC. 32655, 94th Cong. 2d Sess., Sept. 27, 1976 [Conf. Rept. on H.R. 5546, the Health Professional Education Assistance Act of 1976]. *Note:* While the definition of new spending authority in § 401(c)(2) which must be made subject to budget authority in advance in appropriation acts does not include authority to insure or guarantee the repayment of individual indebtedness, the authority to make payments in connection with defaults which have already occurred was conceded to constitute a primary liability of the United States to incur indebtedness and to require budget authority to be limited in advance in appropriation acts.

§ 16.3 A conference report containing new spending (borrowing) authority not subject to advance appropriation act amounts having been ruled out in violation of § 401(a) of the Budget Act, the manager of the bill moved to recede and concur in the Senate amendment containing that language with an amendment rendering the borrowing authority subject to amounts specified in advance in appropriation acts. 122 CONG. REC. 32679, 94th Cong. 2d Sess., Sept. 27, 1976 [Conf. Rept. on H.R. 5546, the Health Professional Education Assistance Act of 1976].

§ 16.4 A resolution was reported from the Committee on Rules waiving points of order against the consideration of a conference report containing a Senate amendment providing new spending (contract) authority not subject to amounts provided in advance by appropriation acts in violation of § 401(a) of the Budget Act. 123 CONG. REC. 38949, 38950, 95th Cong. 1st Sess., Dec. 15, 1977 [H. Res. 935, providing for consideration of H.R. 3199, the Clean Water Act of 1977]. *Note:* The Budget Committee supported the Budget Act waiver with the understanding that a concurrent resolution would be offered after adoption of the report to correct the enrollment of

the bill to make the contract authority subject to the appropriation process. A similar rationale was followed with respect to a waiver of points of order against a reclamation projects bill in August, 1976. Here again, the House adopted a resolution waiving points of order against consideration of a bill containing new spending (contract) authority not subject to advance appropriations acts in violation of § 401(a) of the Budget Act. 122 CONG. REC. 27747, 94th Cong. 2d Sess., Aug. 25, 1976 [H. Res. 1489, providing for consideration of H.R. 14578, authorizing various federal reclamation projects and programs]. *Note:* The Budget Committee supported the § 401(a) waiver on assurance from the Committee on Interior and Insular Affairs that an amendment would be offered to make the contract authority in the bill subject to such amounts as were provided in appropriation acts. For other resolutions reported from the Committee on Rules waiving points of order against the consideration of a bill for (*inter alia*) providing new contract authority not subject to the appropriation process, see 125 CONG. REC. p. —, 96th Cong. 1st Sess., Apr. 10, 1979 [H. Res. 217]; 125 CONG. REC. p. —, 96th Cong. 1st Sess., May 31, 1979 [H. Res. 271]; and 125 CONG. REC. p. —, 96th Cong. 1st Sess., June 8, 1979 [H.R. 2374].

§ 16.5 Section 401(a) of the Budget Act provides that it shall not be in order to consider any bill providing new spending authority. However, a point of order that a section of a bill providing that certain loan receipts were "authorized to be made available" was in violation of the Budget Act was overruled on the grounds that the funds were subject to the appropriation process and thus no new spending authority was involved. 121 CONG. REC. 28270, 28271, 94th Cong. 1st Sess., Sept. 10, 1975.

§ 16.6 An "authorization" for an appropriation or for funds to be available contemplates subsequent action through the appropriations process, and such language does not itself constitute "new spending authority" which would prohibit the consideration of a bill under § 401 of the Congressional Budget Act. 121 CONG. REC. 28270, 28271, 94th Cong. 1st Sess., Sept. 10, 1975.

§ 16.7 The Chairman of the Committee on the Budget took the floor during debate on a resolution waiving points of order against consideration of a bill containing new spending authority in violation of § 401 of the Congressional Budget Act of 1974 to announce his committee's position relative to waiver of "back-door spending" provisions not subject to limitations in appropriations acts. 121 CONG. REC. 8419, 94th Cong. 1st Sess., Mar. 24, 1975 [H. Res. 352, providing for consideration of H.R. 4222].

§ 16.8 A resolution was reported from the Committee on Rules which, *inter alia*, waived points of order against consideration of a legislative bill containing "new spending authority" not limited by amounts specified in appropriation acts—in violation of § 401(a) of the Congressional Budget Act of 1974; provided for consideration of a committee amendment in the nature of a substitute as an original bill; and waived points of order against section of a substitute containing appropriations. 121 CONG. REC. 8418, 94th Cong. 1st Sess., Mar. 24, 1975 [H. Res. 352, providing for consideration of H.R. 4222, to amend the National School Lunch and the Child Nutrition Acts].

§ 16.9 A resolution was reported from the Committee on Rules waiving points of order against consideration of a legislative bill containing "new spending authority" not subject to amounts specified in appropriations acts in violation of § 401 of the Congressional Budget Act of 1974; and waiving points of order against a subsection containing an appropriation. 121 CONG. REC. 13386, 94th Cong. 1st Sess., May 7, 1975 [H. Res. 418, providing for consideration of H.R. 4115, the Nurse Training Act of 1975]. *Note:* The provision in § 202 of the original bill which violated § 401 of the Budget Act was a repeal of the requirement in existing law that amounts for contractual obligations to pay interest subsidies for construction of nurse training facilities be specified in appropriations acts. An amendment was later adopted which struck out that repeal of existing law in the bill.

§ 16.10 A resolution was reported from the Committee on Rules waiving points of order against consideration of a committee amendment in the nature of a substitute containing new spending (contract) authority not subject to appropriations limits in violation of § 401 of the Congressional Budget Act of 1974. 121 CONG. REC. 22732, 94th Cong. 1st Sess., July 15, 1975 [H. Res. 599, providing for consideration of H.R. 7014, the Energy Conservation and Oil Policy Act of 1975].

§ 17. Waiving Points of Order Against Measures Exceeding Budget Authority or Reducing Revenue Below Levels Established in Second Concurrent Resolution on Budget

§ 17.1 First instance of special rule reported from Committee on Rules, waiving points of order against consideration of bill or resolution in violation of § 311 of the Congressional Budget Act, enactment of which would cause either (1) the level of total new budget authority to total budget outlays set forth in second or subsequent concurrent resolution on the budget for the current fiscal year to be exceeded; or (2) the level of revenues set forth therein to be reduced. The waiver was granted against consideration of a House concurrent resolution reported from the Committee on Ways and Means under the Trade Act of 1974, which would have had the effect of reducing revenue below the level set in the second concurrent resolution. 126 CONG. REC. p. —, 96th Cong. 2d Sess., Jan. 24, 1980 [H. Res. 529].

§ 17.2 A resolution was reported from the Committee on Rules waiving points of order against consideration of a bill containing new budget authority for the current fiscal year in excess of the ceiling on total budget authority established in the second concurrent resolution on the budget. 126 CONG. REC. p. —, 96th Cong. 2d Sess., May 13, 1980 [H. Res. 663].

§ 17.3 The House adopted a resolution waiving points of order against consideration of special supplemental appropriation joint resolution not reported for three days and containing new budget authority for the current fiscal year where the aggregate ceiling established by the second concurrent resolution on the budget for that year had already been exceeded (according to reestimates of spending levels reported by the Budget Committee), and permitting

consideration in the House under the hour rule. 126 CONG. REC. p. —, 96th Cong. 2d Sess., May 30, 1980 [H. Res. 688].

§ 17.4 In the Senate, a point of order was sustained and upheld on appeal by a roll call vote against consideration of an amendment reducing the amount of a rescission of appropriated funds (and converting it into a deferral) where the effect was to increase the net amount of total budget outlays contained in the bill to a level which, when calculated together with other spending actions already completed by the Congress, exceeded the total amount of budget outlays provided for the current fiscal year in the third budget resolution for that year. 126 CONG. REC. p. —, 96th Cong. 2d Sess., June 27, 1980 [H.R 7542].

DESCHLER-BROWN, PROCEDURE IN THE U.S. HOUSE OF REPRESENTATIVES (1985 SUPPLEMENT), CHAPTER 13, SUBCHAPTER B, SECTIONS 6-17

B. THE CONGRESSIONAL BUDGET PROCESS

§ 6. In General; Impoundment

§ 6.4 See also 97-1, Nov. 16, 1981, p. 27598. The second sentence of clause 2(l)(6) of Rule XI, prohibiting the consideration of any measure or matter in the House reported by any committee (except the Committee on Rules) unless copies of the report and reported measure have been available to Members for at least three days, was held to prohibit the consideration of a concurrent resolution on the budget notwithstanding adoption by the House of a special order reported from the Committee on Rules waiving points of order under section 305(a)(1) of the Budget Act requiring a 10-day availability of the Budget Committee report, since that separate requirement of the House rule had not been specifically waived. 98-1, Mar. 22, 1983, p. —.

§ 6.14 After opening statements in general debate on a concurrent resolution on the budget in the Committee of the Whole by the Chairman and the ranking minority member of the Committee on the Budget, section 305(a)(3) of the Budget Act provides for a period of up to four hours on economic goals and policies, which the Chair divides between the Chairman and ranking minority member of the Committee on the Budget or their designees (although division or allocation of such time is not specifically provided for in the Budget Act). 98-1, Mar. 22, 1983, p.—. On a concurrent resolution on the budget not reported from the Committee on the Budget (to which the procedures for consideration provided in the Budget Act did not automatically apply since it was not reported), made in order for consideration by a special order providing for four and one-half hours of general debate, with one and one-half hours on economic goals and priorities to be equally divided and controlled as provided in section 305(a)(3) of the Budget Act, the Chairman of the Committee of the Whole advised that the one and one-half hours of debate on economic goals and priorities would follow opening statements in general debate. 98-2, Apr. 4. 1984, p. —.

§ 6.17 A resolution was reported from the Committee on Rules, waiving all points of order against consideration of the "Omnibus Budget Reconciliation" bill containing provisions recommended by 14 standing committees and reported to the House "without substantive revision" by the Budget Committee, and providing a "modified closed rule" permitting only designated amendments if offered by the ranking minority member of the Budget Committee in a specified order. 97-1, June 25, 1981, p. 14075.

§ 6.18 In the Senate, a motion to waive the provisions of the Budget Act against an amendment, pursuant to section 904(b) of the act, is privileged and is in order at any time while the amendment is pending. 98-2, June 13, 1984, p. —. In the Senate, a point of order against an amendment based on a provision of the Budget Act, or a motion to waive a provision of the Budget Act against an amendment, is in order while the amendment is pending and after it has been debated. Such a motion is privileged for consideration, is debatable, and is subject to the motion to lay on the table. 98-1, Mar. 22, p. —.

§ 7. Committee Jurisdiction; Recommendations and Reports

§ 7.2 In the Senate, the Presiding Officer ruled that an amendment (to comprehensive social security legislation passed by the House) removing social security trust fund outlays and receipts from the unified federal budget, and establishing separate aggregate and functional categories in all concurrent resolutions on the budget for social security trust funds for future fiscal years (proposed to be enacted pursuant to the rule-making authority of the House and the Senate), was a matter within the jurisdiction of the Senate Committee on the Budget and violated section 306 of the Budget Act, prohibiting consideration of such a matter unless reported by that committee. 98-1, Mar. 22, 1983, p. —. *Note:* Such a provision would be considered within the jurisdiction of the Committee on Rules, not the Committee on the Budget, in the House.

§ 8. Resolutions on the Budget

§ 8.4 Instance where, following adoption of a concurrent resolution on the budget which had not been reported from the Committee on the Budget, the Speaker without objection laid on the table a motion to reconsider; the procedures for consideration of a budget resolution, including the provision in section 305(a)(2) that a motion to reconsider does not apply, only relate to a privileged budget resolution which has been reported from committee. 98-2, Apr. 5, 1984, p. —.

§ 8.8 In 1983, the House (and the Senate) adopted a concurrent resolution on the budget, revising and replacing the congressional budget for fiscal year 1983 and setting forth the first concurrent resolution on the budget for fiscal year 1984. 98-1, June 23, 1983, p. —.

§ 8.9 While the "reconciliation" process suggested in Title III of the Congressional Budget Act anticipates final congressional action on the first concurrent resolution on the budget prior to committee recommendations and House consideration of spending savings mandated therein, the House may, by way of a special order reported from the Committee on Rules, initiate House consideration of legislation containing spending savings informally recommended by instructed committees following adoption of the House version of reconciliation instructions and prior to final action on the budget resolution. In this instance, the resolution provided a "modified closed" rule for consideration of an unreported bill referred to six committees instructed in the House-passed budget resolution for fiscal year 1985 to report reconciliation spending savings. 98-2, Apr. 12, 1984, p. —. For proceedings and rulings in the

Senate relative to the privilege and consideration of multi-year reconciliation instructions, see 97-1, Mar. 26, 1981, p. 5468.

§ 8.10 Instance where, the two Houses having adopted different version of a first concurrent resolution on the budget containing separate reconciliation instructions on revenue and spending, and the Senate having amended a House-passed revenue reconciliation bill to include both its revenue and spending reduction reconciliation provisions, the House, by unanimous consent, amended the Senate amendment to reincorporate both the original revenue bill as title I and its separately passed spending reduction reconciliation bill as title II, and requested a conference thereon. 98-2, May 23, 1984, p. —.

§ 8.11 By unanimous consent, the Houses agreed to consider a Senate second concurrent resolution on the budget in the House, in lieu of a similar House concurrent resolution made in order by a special order, under the terms of that special order. In this instance, the House agreed to the Senate resolution without amendment, thereby "reaffirming" the first concurrent budget resolution for that fiscal year and converting the target levels of new budget authority, budget outlays, and revenue receipts into budget ceilings and revenue floors pursuant to section 310 of the Budget Act. 97-1, Dec. 10, 1981, p. 30592.

§ 8.12 The Senate and the House adopted a concurrent resolution on the budget which revised the congressional budget for fiscal year 1984 and first set forth the congressional budget for fiscal year 1985, and which included a nonbinding statement of policy that revenue raised for fiscal year 1985 through 1987 be used to reduce the deficit except to the extent specified in revenue legislation, but that increased funding for education, environmental protection, health research, and certain low-income programs would be appropriate. 98-2, Oct. 1, 1984, p. —.

§ 9. Amendments to Resolutions

§ 9.12 Following adoption of a resolution reported from the Committee on Rules providing for consideration of eight amendments in the nature of a substitute to a concurrent resolution on the budget, the floor manager of the special order submitted for printing in the Record estimates prepared by the Congressional Budget Office of each substitute, based on common economic assumptions. 98-2, Apr. 4, 1984, p. —.

§ 10. Conference Reports

§ 10.7 By unanimous consent, tables reflecting the "crosswalk" allocations to committees of amounts of budget authority, budget outlays, and entitlement authority for the ensuing fiscal year pursuant to section 302(a) of the Budget Act reflecting the conference agreements on the first budget resolution for fiscal year 1982, were printed in the Record, and were considered as meeting the requirements of section 302(a) (that such allocations be printed in the joint statement of managers on a concurrent resolution on the budget). In this instance, by unanimous consent, the Chairman of the Committee on the Budget inserted in the Record an explanation of that committee's scorekeeping procedures with respect to spending targets in the first concurrent resolution on the budget for the ensu-

ing fiscal year and to enforcement procedures for bills exceeding allocations of budget authority to committees. 97-1, May 28, 1981, p. 10916.

§ 11. First Budget Resolution; Relationship to Consideration of Bills Providing New Budget Authority, Revenue Changes, and New Spending Authority

§ 11.2 Section 303(a)(1) of the Budget Act prohibits consideration of an amendment granting new budget authority for a fiscal year for which the first budget resolution has not been adopted by both Houses. 98-2, Aug. 1, 1984, p. —. In one instance, the Chair overruled a point of order under sections 303(a)(4) and 401(c)(2), of the Budget Act against an amendment, offered to an omnibus social services and education authorization bill reported from the Committee on Education and Labor, providing that if the sums actually appropriated for any fiscal year to fund the program are insufficient to pay the amount of the state entitlements, then the allocation to each state be ratably reduced, since the provision for ratable reduction in payments based on the amounts subsequently appropriated removed the program from the definition of new spending (entitlement) authority under those sections. 98-1, Sept. 13, 1983, p. —.

§ 11.4 The House having agreed to a Senate amendment providing new spending (entitlement) authority for the ensuing fiscal year exceeding the allocation, made by the joint statement accompanying the conference report on the first concurrent resolution on the budget pursuant to section 302 of the Budget Act, to any House committee, the House by unanimous consent authorized the Clerk to enroll the bill notwithstanding the procedure in that budget resolution prohibiting enrollment of bills containing such excessive new spending authority until final adoption of the second budget resolution (where the appropriate allocation to House committee[s] but not the Senate committees was exceeded). 97-1, Nov. 22, 1981, p. 28768.

§ 12. Waiving Points of Order Against Future-year Spending or Revenue Legislation

§ 12.1 See 98-1, July 14, 1983, p. — [H. Res. 208, providing for consideration of H.R. 2350, Health Research Extension Act of 1983]. For the first example of a special order providing general waiver of section 303(a) of the Budget Act to permit consideration of *all* general appropriations bills prior to final adoption of the first concurrent resolution on the budget for the ensuing year, see 98-2, May 22, 1984, p. —].

§ 12.7 By resolution, the House has waived points of order against consideration of a general appropriations bill before adoption of a first budget resolution for the fiscal year in question. 98-1, June 8, 1983, p. —; 98-1, June 21, 1983, p. —; 98-1, June 22, 1983, p. —.

§ 13. Legislation Authorizing New Budget Authority—May 15 Reporting Date

§ 13.1 By unanimous consent, the House extended until 5 p. —. on May 19, 1981, the time for all committees to file reports on bills

authorizing enactment of new budget authority for fiscal 1982, section 402(a) of the Budget Act requiring filing by May 15 of each year. 97-1, May 13, 1981, p. 9675.

§ 13.2 97-1, Nov. 19, 1981, p. 28195; 98-1, June 9, 1983, —; 98-2, Sept. 5, 1984, p. —.

§ 13.8 The Chair overruled a point of order under section 402(a) of the Budget Act against an amendment, offered to an omnibus social services and education authorization bill reported from the Committee on Education and Labor, providing for payments to the states for immigrant children education based on a formula and requiring those payments to be made, but also containing an authorization for appropriations for fiscal years 1984, 1985, and 1986, since section 402(a), requiring bills containing authorization of new budget authority to be reported by May 15 preceding the effective fiscal year, only prohibits initial consideration of bills containing such provisions in the introduced text, and not consideration of amendments containing such authorizations or of the bill as so amended. 98-1, Sept. 13, 1983, p. —.

§ 14. Measures Containing New Entitlement Authority

§ 14.5 A provision amending title 5 of the United States Code to provide that certain federal employees "shall be paid" premium pay and to provide that former federal employees receiving military or civilian annuities "shall be entitled" to continue to receive the full amount of such annuity upon reemployment notwithstanding contrary provisions of law, constitutes new spending (entitlement) authority within the definition of section 401(c)(2)(C) of the Budget Act. 97-1, Nov. 22, 1981, p. 28758.

§ 15. Entitlement Legislation Referred to Committee on Appropriations

§ 15.6 When a bill has been reported from committee and placed on the Union Calendar prior to the final adoption by both Houses of a first concurrent resolution on the budget and the publication by the conferees of committee allocations of new entitlement authority, and the new entitlement authority provided by the bill exceeds the amount of such authority allocated to the committee for the fiscal year in question, the Speaker may discharge the bill from the Union Calendar and refer it to the Committee on Appropriations for not to exceed 15 legislative days pursuant to section 401(b) of the Budget Act. 97-1, May 21, 1981, p. 10622.

§ 16. Measures Containing Contract or Borrowing Authority Not Subject to Advance Appropriations

§ 16.4 Instance where the manager of a special rule offered an amendment to it to waive all points of order against consideration of a bill containing new spending (contract) authority not subject to the appropriations process. 98-2, Sept. 5, 1984, p. —.

§ 17. Waiving Points of Order Against Measures Exceeding Budget Authority or Reducing Revenue Below Levels Established in Second Concurrent Resolution on Budget

§ 17.1 Pursuant to section 311(b) of the Budget Act, the Committees on the Budget of each House must estimate budget outlays

BEST COPY AVAILABLE

and revenues to be received during a fiscal year for submission to the presiding officers of each House in the enforcement of section 311(a) prohibiting consideration of bills or amendments breaching the ceilings and floors contained in a second or subsequent concurrent resolution on the budget. In this instance, the Chairman of the House Committee on the Budget inserted in the *Congressional Record* a status report on the congressional budget for fiscal year 1981, based on the second budget resolution for that year and using the economic assumptions specified in the conference report thereon. 97-1, June 4, 1981, p. 11628.

§ 17.3 By unanimous consent, the House agreed to consider a conference report and amendments in disagreement on an appropriation bill containing new budget authority and resulting in outlays in excess of total levels in the second concurrent resolution on the budget for the present fiscal year which had already been exceeded. 98-1, Mar. 22, 1983, p. —.

§ 17.5 Section 311(a) of the Budget Act—precluding any amendment "providing additional new budget authority" which would cause the appropriate level of total new budget authority or budget outlays to be exceeded—has been interpreted to prohibit consideration of an amendment striking out a rescission of existing budget authority where its effect is to increase the net total new budget authority in the bill (an amount calculated by offsetting rescissions, in the bill against new appropriations resulting in a further breach of the ceiling on budget outlays in the applicable budget resolution). 97-1, May 12, 1981, p. 9314.

§ 17.6 While the prohibitions against consideration of bills, resolutions, or amendments providing new budget authority or new spending authority causing the appropriate level of total new budget authority causing the appropriate level of total new budget authority or total budget outlays to be exceeded under section 311 of the Budget Act are normally triggered by the adoption of the second budget resolution, the operation of section 311 may be modified by "special procedures" embodied in the first budget resolution. The special procedures of the first budget resolution precluded a point of order based on section 311, even though the total level of outlays had been breached, since the scoring mechanism established by the first budget resolution related only to discretionary budget authority. 98-2, Mar. 6, 1984, p. —.

BLANK PAGE

ATTACHMENT "I"

Changes in the Congressional Budget and Impoundment Control Act of 1974 Made by the Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177)

For the information of the Members, changes in the Congressional Budget and Impoundment Control Act of 1974 made by H.J. Res. 372 are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT OF 1974

* * * * * * *

(b) TABLE OF CONTENTS.—

* * * * * * *

[TITLE III—CONGRESSIONAL BUDGET PROCESS

[Sec. 300. Timetable.
[Sec. 301. Adoption of first concurrent resolution.
[Sec. 302. Matters to be included in joint statement of managers; reports by committees.
[Sec. 303. First concurrent resolution on the budget must be adopted before legislation providing new budget authority, new spending authority, or changes in revenues or public debt limit is considered.
[Sec. 304. Permissible revisions of concurrent resolutions on the budget.
[Sec. 305. Provisions relating to the consideration of concurrent resolutions on the budget.
[Sec. 306. Legislation dealing with congressional budget must be handled by budget committees.
[Sec. 307. House committee action on all appropriation bills to be completed before first appropriation bill is reported.
[Sec. 308. Reports, summaries, and projections of congressional budget actions.
[Sec. 309. Completion of action on bills providing new budget authority and certain new spending authority.
[Sec. 310. Second required concurrent resolution and reconciliation process.
[Sec. 311. New budget authority, new spending authority and revenue legislation must be within appropriate levels.]

TITLE III—CONGRESSIONAL BUDGET PROCESS

Sec. 300. Timetable.
Sec. 301. Annual adoption of concurrent resolution on the budget.
Sec. 302. Committee allocations.
Sec. 303. Concurrent resolution on the budget must be adopted before legislation providing new budget authority, new spending authority, new credit authority or changes in revenues or the public debt limit is considered.
Sec. 304. Permissible revisions of concurrent resolutions on the budget.
Sec. 305. Procedures relating to consideration of concurrent resolutions on the budget.
Sec. 306. Legislation dealing with congressional budget must be handled by budget committees.
Sec. 307. House committee action on all appropriation bills to be completed by June 10.

60-607 O - 86 - 8

BEST COPY AVAILABLE

Sec. 308. Reports, summaries, and projections of congressional budget actions.
Sec. 309. House approval of regular appropriation bills.
Sec. 310. Reconciliation.
Sec. 311. New budget authority, new spending authority, and revenue legislation must be within appropriate levels.

TITLE IV—ADDITIONAL PROVISIONS TO IMPROVE FISCAL PROCEDURES

Sec. 401. Bills providing new spending authority.
[Sec. 402. Reporting of authority legislation.]
Sec. 402. Legislation providing new credit authority.
Sec. 403. Analyses by Congressional Budget Office.
Sec. 404. Jurisdiction of Appropriations Committees.
Sec. 405. Study by the General Accounting Office of forms of Federal financial commitment that are not reviewed annually by Congress.
Sec. 406. Off-budget agencies, programs, and activities.
Sec. 407. Member user group.

. . . . . .

TITLE VI—AMENDMENTS TO BUDGET AND ACCOUNTING ACT, 1921

Sec. 601. Matter to be included in President's budget.
Sec. 602. Midyear review.
Sec. 603. Five-year budget projections.
Sec. 604. Allowances for supplemental budget authority and uncontrollable outlays.
Sec. 605. Budget data based on continuation of existing level of services.
[Sec. 606. Study of off-budget agencies.]
Sec. 607. Year-ahead requests for authorization of new budget authority.

. . . . . .

DEFINITIONS

SEC. 3. IN GENERAL.—For purposes of this Act—

(1) The terms "budget outlays" and "outlays" means, with respect to any fiscal year, expenditures and net lending of funds under budget authority during such year.

(2) The term "budget authority" means authority provided by law to enter into obligations which will result in immediate or future outlays involving Government funds *or to collect offsetting receipts,* except that such term does not include authority to insure or guarantee the repayment of indebtedness incurred by another person or government.

(3) The term "tax expenditures" means those revenue losses attributable to provisions of the Federal tax laws which allow a special exclusion, exemption, or deduction from gross income or which provide a special credit, a preferential rate of tax, or a deferral to tax liability; and the term "tax expenditures budget" means an enumeration of such tax expenditures.

(4) The term "concurrent resolution on the budget" means—

(A) a concurrent resolution setting forth the congressional budget for the United States Government for a fiscal year as provided in section 301; *and*

[(B) a concurrent resolution reaffirming or revising the congressional budget for the United States Government for a fiscal year as provided in section 310; and]

[(C)] any other concurrent resolution revising the congressional budget for the United States Government for a fiscal year as described in section 304.

(5) The term "appropriation Act" means an Act referred to in section 105 of title I, United States Code.

BEST COPY AVAILABLE

(6) The term "deficit" means, with respect to any fiscal year, the amount by which total budget outlays for such fiscal year exceed total revenues for such fiscal year. In calculating the deficit for purposes of comparison with the maximum deficit amount under the Balanced Budget and Emergency Deficit Control Act of 1985 and in calculating the excess deficit for purposes of section 251 and 252 of such Act (notwithstanding section 710(a) of the Social Security Act), for any fiscal year, the receipts of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund for such fiscal yar and the taxes payable under sections 1401(a), 3101(a), and 3111(a) of the Internal Revenue Code of 1954 during such fiscal year shall be included in total revenues for such fiscal year, and the disbursements of each such Trust Fund for such fiscal year shall be included in total budget outlays for such fiscal year. Notwithstanding any other provision of law except to the extent provided by section 710(a) of the Social Security Act, the receipts, revenues, disbursements, budget authority, and outlays of each off-budget Federal entity for a fiscal year shall be included in total budget authority, total budget outlays, and total revenues and the amounts of budget authority and outlays set forth for each major functional category, for such fiscal year. Amounts paid by the Federal Financing Bank for the purchase of loans made or guaranteed by a department, agency, or instrumentality of the Government of the United States shall be treated as outlays of such department, agency, or instrumentality.

(7) The term "maximum deficit amount" means—

(A) with respect to the fiscal year beginning October 1, 1985, $171,900,000,000;

(B) with respect to the fiscal year beginning October 1, 1986, $144,000,000,000;

(C) with respect to the fiscal year beginning October 1, 1987, $108,000,000,000;

(D) with respect to the fiscal year beginning October 1, 1988, $72,000,000,000;

(E) with respect to the fiscal year beginning October 1, 1989, $36,000,000,000; and

(F) with respect to the fiscal year beginning October 1, 1990, zero.

(8) The term "off-budget Federal entity" means any entity (other than a privately owned Government-sponsored entity)—

(A) which is established by Federal law, and

(B) the receipts and disbursements of which are required by law to be excluded from the totals of—

(i) the budget of the United States Government submitted by the President pursuant to section 1105 of title 31, United States Code, or

(ii) the budget adopted by the Congress pursuant to title III of this Act.

(9) The term "entitlement authority" means spending authority described by section 401(c)(2)(C).

(10) The term "credit authority" means authority to incur direct loan obligations or to incur primary loan guarantee commitments.

* * * * * * *

(h) STUDIES.—The Director shall conduct continuing studies to enhance comparisons of budget outlays, credit authority, and tax expenditures.

* * * * * * *

TITLE III—CONGRESSIONAL BUDGET PROCESS

TIMETABLE

SEC. 300. The timetable with respect to the congressional budget process for any fiscal year is as follows:

On or before:	*Action to be completed:*
[November 10	President submits current services budget.]
[15th day after Congress meets] *First Monday after January 3.*	President submits his budget.
[March 15	Committee and joint committees submit report to Budget Committees.]
[April 15] *February 15*	Congressional Budget Office submits report to Budget Committees.
February 25	*Committees submit views and estimates to Budget Committees.*
April 1	*Senate Budget Committee reports concurrent resolution on the budget.*
April 15	[Budget Committees report first concurrent resolution on the budget to their Houses.] *Congress completes action on concurrent resolution on the budget.*
[May 15	Committees report bills and resolutions authorizing new budget authority.
[May 15	Congress completes action on first concurrent resolution on the budget.
[7th day after Labor Day	Congress completes action on bills and resolutions providing new budget authority and new spending authority.
[September 15	Congress completes action on second required concurrent resolution on the budget.]
May 15	*Annual appropriation bills may be considered in the House.*
June 10	*House Appropriations Committee reports last annual appropriation bill.*
[September 25] *June 15*	Congress completes action on reconciliation *legislation.* [bill or resolution, or both, implementing second required concurrent resolution.]
June 30	*House completes action on annual appropriation bills.*
October 1	Fiscal year begins.

ANNUAL ADOPTION OF [FIRST] CONCURRENT RESOLUTION *ON THE BUDGET*

SEC. 301. (a) [ACTION TO BE COMPLETED BY MAY 15] *CONTENT OF CONCURRENT RESOLUTION ON THE BUDGET.*—On or before [May

BEST COPY AVAILABLE

15] *April 15,* of each year, the Congress shall complete action on the [first] concurrent resolution on the budget for the fiscal year beginning on October 1 of such year. The concurrent resolution shall set forth *appropriate levels for the fiscal year beginning on October 1 of such year, and planning levels for each of the two ensuing fiscal years, for the following—*

[(1) the appropriate level of total budget outlays and of total new budget authority;

[(2) an estimate of budget outlays and an appropriate level of new budget authority for each major functional category, for contingencies, and for undistributed intragovernmental transactions, based on allocations of the appropriate level of total budget outlays and of total new budget authority.

[(3) the amount, if any, of the surplus or the deficit in the budget which is appropriate in light of economic conditions and all other relevant factors;

[(4) the recommended level of Federal revenues and the amount, if any, by which the aggregate level of Federal revenues should be increased or decreased by bills and resolutions to be reported by the appropriate committees;

[(5) the appropriate level of the public debt, and amount, if any, by which the statutory limit on the public debt should be increased or decreased by bills and resolutions to be reported by the appropriate committees; and

[(6) if required by subsection (e), the calendar year in which, in the opinion of the Congress, the goals for reducing unemployment set forth in section 4(b) of the Employment Act of 1946 should be achieved; and

[(7) such other matters relating to the budget as may be appropriate to carry out the purposes of this Act.]

(1) totals of new budget authority, budget outlays, direct loan obligations, and primary loan guarantee commitments;

(2) total Federal revenues and the amount, if any, by which the aggregate level of Federal revenues should be increased or decreased by bills and resolutions to be reported by the appropriate committees;

(3) the surplus or deficit in the budget;

(4) new budget authority, budget outlays, direct loan obligations, and primary loan guarantee commitments for each major functional category, based on allocations of the total levels set forth pursuant to paragraph (1); and

(5) the pubic debt.

(b) ADDITIONAL MATTERS IN CONCURRENT RESOLUTION.—The [first] concurrent resolution on the budget may [also require]—

[(1) a procedure under which all or certain bills and resolutions providing new budget authority or providing new spending authority described in section 401(c)(2)(C) for such fiscal year shall not be enrolled until the concurrent resolution required to be reported under section 310(a) has been agreed to, and, if a reconciliation bill or reconciliation resolution, or both, are required to be reported under section 310(c), until Congress has completed action on that bill or resolution, or both; and

[(2) any other procedure which is considered appropriate to carry out the purposes of this Act.

Not later than the close of the Ninety-fifth Congress, the Committee on the Budget of each House shall report to its House on the implementation of procedures described in this subsection.]

(1) set forth, if required by subsection (f), the calendar year in which, in the opinion of the Congress, the goals for reducing unemployment set forth in section 4(b) of the Employment Act of 1946 should be achieved;

(2) include reconciliation directives described in section 310;

(3) require a procedure under which all or certain bills or resolutions providing new budget authority or new entitlement authority for such fiscal year shall not be enrolled until the Congress has completed action on any reconciliation bill or reconciliation resolution or both required by such concurrent resolution to be reported in accordance with section 310(b); and

(4) set forth such other matters, and require such other procedures, relating to the budget, as may be appropriate to carry out the purposes of this Act.

(c) CONSIDERATION OF PROCEDURES OR MATTERS WHICH HAVE THE EFFECT OF CHANGING ANY RULE OR THE HOUSE OF REPRESENTATIVES.—If the Committee on the Budget of the House of Representatives reports any concurrent resolution on the budget which includes any procedure or matter which has the effect of changing any rule of the House of Representatives, such concurrent resolution shall then be referred to the Committee on Rules with instructions to report it within five calendar days (not counting any day on which the House is not in session). The Committee on Rules shall have jurisdiction to report any concurrent resolution referred to it under this paragraph with an amendment or amendments changing or striking out any such procedure or matter.

[(c)] *(d)* VIEWS AND ESTIMATES OF OTHER COMMITTEES.—On or before [March 15] *February 25* of each year, each [standing] committee of the House of Representatives [shall submit to the Committee on the Budget of the House, each standing committee of the Senate shall submit to the Committee on the Budget of the Senate, and the Joint Economic Committee and Joint Committee on Internal Revenue Taxation shall submit to the Committees on the Budget of both Houses—

[(1) its views and estimates with respect to all matters set forth in subsection (a) which relate to matters within the respective jurisdiction or functions of such committee or joint committee; and

[(2) except in the case of such joint committees, the estimate of the total amounts of new budget authority, and budget outlays resulting therefrom, to be provided or authorized in all bills and resolutions within the jurisdiction of such committee which such committee intends to be effective during the fiscal year beginning on October 1 of such year.

The Joint Economic Committee shall also submit to the Committees on the Budget of both Houses, its recommendations as to the fiscal policy appropriate to the goals of the Employment Act of 1946. Any other committee of the House or Senate may submit to the Committee on the Budget of its House, and any other joint committee of the Congress may submit to the Committees on the Budget of both Houses its views and estimates with respect to all

matters set forth in subsection (a) which relate to matters within its jurisdiction or functions.]

having legislative jurisdiction shall submit to the Committee on the Budget of the House and each committee of the Senate having legislative jurisdiction shall submit to the Committee on the Budget of the Senate its views and estimates (as determined by the committee making such submission) with respect to all matters set forth in subsections (a) and (b) which relate to matters within the jurisdiction or functions of such committee. The Joint Economic Committee shall submit to the Committees on the Budget of both Houses its recommendations as to the fiscal policy appropriate to the goals of the Employment Act of 1946. Any other committee of the House of Representatives or the Senate may submit to the Committee on the Budget of its House, and any joint committee of the Congress may submit to the Committees on the Budget of both Houses, its views and estimates with respect to all matters set forth in subsections (a) and (b) which relate to matters within its jurisdiction or functions.

[(d)] *(e)* HEARINGS AND REPORT.—In developing the [first] concurrent resolution on the budget referred to in subsection (a) for each fiscal year, the Committee on the Budget of each House shall hold hearings and shall receive testimony from Members of Congress and such appropriate representatives of Federal departments and agencies, the general public, and national organizations as the committee deems desirable. Each of the recommendations as to short-term and medium-term goals set forth in the report submitted by the members of the Joint Economic Committee under subsection [(c)] *(d)* may be considered by the Committee on the Budget of each House as part of its consideration of such concurrent resolution, and its report may reflect its views thereon, [and] *including its views* on how the estimates of revenues and levels of budget authority and outlays set forth in such concurrent resolution are designed to achieve any goals it is recommending. [On or before April 15 of each year, the Committee on the Budget of each House shall report to its House the first concurrent resolution on the budget referred to in subsection (a) for the fiscal year beginning on October 1 of such year.] The report accompanying such concurrent resolution shall include, but not be limited to—

(1) a comparison of revenues estimated by the committee with those estimated in the budget submitted by the President;

(2) a comparison of the appropriate levels of total budget outlays and total new budget authority, *total direct loan obligations, total primary loan guarantee commitments,* as set forth in such concurrent resolution, with [total budget outlays estimated and total new budget authority] *those estimated or* requested in the budget submitted by the President;

(3) with respect to each major functional category, an estimate of budget outlays and an appropriate level of new budget authority for all proposed programs and for all existing programs (including renewals thereof), with the estimate and level for existing programs being divided between permanent authority and funds provided an appropriation Acts, and *with* each such division being subdivided between controllable amounts and all other amounts;

(4) an allocation of the level Federal revenues recommended in the concurrent resolution among the major sources of such revenues;

(5) the economic assumptions and objectives which underlie each of the matters set forth in such concurrent resolution and *any* alternative economic assumptions and objectives which the committee considered;

(6) [projections, not limited to the following,] *projections (not limited to the following),* for the period of five fiscal years beginning with such fiscal [year] *year,* of the estimated levels of total budget outlays[, total new budget outlays,] *and* total new budget authority, the estimated revenues to be received, and the estimated surplus or deficit, if any, for each fiscal year in such period, and the estimated levels of tax expenditures (the tax expenditures budget) by major functional categories;

(7) a statement of any significant changes in the proposed levels of Federal assistance to State and local governments; [and]

(8) information, data, and comparisons indicating the manner in which, and the basis on which, the committee determined each of the matters set forth in the concurrent resolution[, and the relationship of such matters to other budget categories.] ; *and*

(9) allocations described in section 302(a).

[(e)] *(f)* ACHIEVEMENT OF GOALS FOR REDUCING UNEMPLOYMENT.—

(1) If, pursuant to section 4(c) of the Employment Act of 1946, [as amended,] the President recommends in the Economic Report that the goals for reducing unemployment set forth in section 4(b) of such Act be achieved in a year after the close of the five-year period prescribed by such subsection, the [first] concurrent resolution on the budget for *the* fiscal year beginning after the date on which such Economic Report is received by the Congress may set forth the year in which, in the opinion of Congress, such goals can be achieved.

(2) After the Congress has expressed its opinion pursuant to paragraph (1) as to the year in which the goals for reducing unemployment set forth in section 4(b) of the Employment Act of 1946[, as amended,] can be achieved, if, pursuant to section 4(e) of such Act, the President recommends in the Economic Report that such goals be achieved in a year which is different from the year in which the Congress has expressed its opinion that such goals should be achieved, either in its action pursuant to paragraph (1) or its most recent action pursuant to this paragraph, the first concurrent resolution on the budget for the fiscal year beginning after the date on which such Economic Report is received by the Congress may set forth the year in which, in the opinion of the Congress, such goals can be achieved.

(3) It shall be in order to amend the provision of such resolution setting forth such year only if the amendment thereto also proposes to alter the estimates, amounts and levels (as described in [section 301] *subsection* (a)) set forth in such resolution in germane fashion in order to be consistent with the eco-

nomic goals (as described in sections 3(a)(2) and 4(b) of the Employment Act of 1946) which such amendment proposes can be achieved by the year specified in such amendment.

(g) COMMON ECONOMIC ASSUMPTIONS.—The joint explanatory statement accompanying a conference report on a concurrent resolution on the budget shall set forth the common economic assumptions upon which such joint statement and conference report are based, or upon which any amendment contained in the joint explanatory statement to be proposed by the conferees in the case of technical disagreement is based.

(h) BUDGET COMMITTEES CONSULTATION WITH COMMITTEES.—The Committee on the Budget of the House of Representatives shall consult with the committees of its House having legislative jurisdiction during the preparation, consideration, and enforcement of the concurrent resolution on the budget with respect to all matters which relate to the jurisdiction or functions of such committees.

(i) MAXIMUM DEFICIT AMOUNT MAY NOT BE EXCEEDED.—

(1)(A) Except as provided in paragraph (2), it shall not be in order in either the House of Representatives or the Senate to consider any concurrent resolution on the budget for a fiscal year under this section, or to consider any amendment to such a concurrent resolution, or to consider a conference report on such a concurrent resolution, if the level of total budget outlays for such fiscal year that is set forth in such concurrent resolution or conference report exceeds the recommended level of Federal revenues set forth for that year by an amount that is greater than the maximum deficit amount for such fiscal year as determined under section 3(7), or if the adoption of such amendment would result in a level of total budget outlays for that fiscal year which exceeds the recommended level of Federal revenues for that fiscal year, by an amount that is greater than the maximum deficit amount for such fiscal year as determined under section 3(7).

(B) In the House of Representatives the point of order established under subparagraph (A) with respect to the consideration of a conference report or with respect to the consideration of a motion to concur, with or without an amendment or amendments, in a Senate amendment, the stage of disagreement having been reached, may be waived only by a vote of three-fifths of the Members present and voting, a quorum being present.

(2) Paragraph (1) of this subsection shall not apply if a declaration of war by the Congress is in effect.

[MATTERS TO BE INCLUDED IN JOINT STATEMENT OF MANAGERS; REPORTS BY COMMITTEES

[SEC. 302. (a) ALLOCATION OF TOTALS.—The joint explanatory statement accompanying a conference report on a concurrent resolution on the budget shall include an estimated allocation, based upon such concurrent resolution as recommended in such conference report, of the appropriate levels of total budget outlays and total new budget authority among each committee of the House of

Representatives and the Senate which has jurisdiction over bills and resolutions providing such new budget authority.]

COMMITTEE ALLOCATIONS

SEC. 302. (a) ALLOCATION OF TOTALS.—

(1) For the House of Representatives, the joint explanatory statement accompanying a conference report on a concurrent resolution on the budget shall include an estimated allocation, based upon such concurrent resolution as recommended in such conference report, of the appropriate levels of total budget outlays, and total new budget authority, total entitlement authority, and total credit authority among each committee of the House of Representatives which has jurisdiction over laws, bills and resolutions providing such new budget authority, such entitlement authority, or such credit authority. The allocation shall, for each committee, divide new budget authority, entitlement authority, and credit authority between amounts provided or required by law on the date of such conference report (mandatory or uncontrollable amounts), and amounts not so provided or required (discretionary or controllable amounts), and shall make the same division for estimated outlays that would result from such new budget authority.

(2) For the Senate, the joint explanatory statement accompanying a conference report on a concurrent resolution on the budget shall include an estimated allocation, based upon such concurrent resolution as recommended in such conference report, of the appropriate levels of total budget outlays, total new budget authority and new credit authority among each committee of the House of Representatives and the Senate which has jurisdiction over bills and resolutions providing such new budget authority.

(b) REPORTS BY COMMITTEES.—As soon as practicable after a concurrent resolution on the budget is agreed to—

(1) the Committee on Appropriations of each House shall, after consulting with the Committee on Appropriations of the other House, (A) subdivide among its subcommittees the allocation of budget [outlays and] *outlays*, new budget authority, *and new credit authority* allocated to it in the joint explanatory statement accompanying the conference report on such concurrent resolution, and (B) further subdivide the amount with respect to each such subcommittee between controllable amounts and all other amounts; and

(2) every other committee of the House and Senate to which an allocation was made in such joint explanatory statement shall, after consulting with the committee or committees of the other House to which all or part of its allocation was made, (A) subdivide such allocation among its subcommittees or among programs over which it has jurisdiction, and (B) further subdivide the amount with respect to each subcommittee or program between controllable amounts and all other amounts.

Each such committee shall promptly report to its House the subdivisions made by it pursuant to this subsection.

(c) POINT OF ORDER.—It shall not be in order in the House of Representatives or the Senate to consider any bill or resolution, or amendment thereto, providing—

(1) new budget authority for a fiscal year;

(2) new spending authority as described in section 401(c)(2) for a fiscal year; or

(3) new credit authority for a fiscal year;

within the jurisdiction of any committee which has received an appropriate allocation of such authority pursuant to subsection (a) for such fiscal year, unless and until such committee makes the allocation or subdivisions required by subsection (b), in connection with the most recently agreed to concurrent resolution on the budget for such fiscal year.

[(c)**]** *(d)* SUBSEQUENT CONCURRENT RESOLUTIONS.—In the case of a concurrent resolution on the budget referred to in section 304 **[**or 310**]**, the **[**allocation**]** *allocations* under subsection (a) and the subdivisions under subsection (b) shall be required only to the extent necessary to take into account revisions made in the most recently agreed to concurrent resolution on the budget.

(e) ALTERATION OF ALLOCATIONS.—At any time after a committee reports the allocations required to be made under subsection (b), such committee may report to its House an alteration of such allocations. Any alteration of such allocations must be consistent with any actions already taken by its House on legislation within the committee's jurisdiction.

(f) LEGISLATION SUBJECT TO POINT OF ORDER.—

(1) IN THE HOUSE OF REPRESENTATIVES.—After the Congress has completed action on a concurrent resolution on the budget for a fiscal year, it shall not be in order in the House of Representatives to consider any bill, resolution, or amendment providing new budget authority for such fiscal year, new credit authority for such fiscal year, or any conference report on any such bill or resolution, if—

(A) the enactment of such bill or resolution as reported;

(B) the adoption and enactment of such amendment; or

(C) the enactment of such bill or resolution in the form recommended in such conference report,

would cause the appropriate allocation made pursuant to subsection (b) for such fiscal year of new discretionary budget authority, new entitlement authority, or new credit authority to be exceeded.

(2) IN THE SENATE.—At any time after the Congress has completed action on the concurrent resolution on the budget required to be reported under section 301(a) for a fiscal year, it shall not be in order in the Senate to consider any bill or resolution (including a conference report thereon), or any amendment to a bill or resolution, that provides for budget outlays or new budget authority in excess of the appropriate allocation of such outlays or authority reported under subsection (b) in connection with the most recently agreed to concurrent resolution on the budget for such fiscal year.

(g) DETERMINATIONS BY BUDGET COMMITTEES.—For purposes of this section, the levels of new budget authority, spending authority as described in section 401(c)(2), outlays, and new credit authority

for a fiscal year shall be determined on the basis of estimates made by the Committee on the Budget of the House of Representatives or the Senate, as the case may be.

[FIRST] CONCURRENT RESOLUTION ON THE BUDGET MUST BE ADOPTED BEFORE LEGISLATION PROVIDING NEW BUDGET AUTHORITY, NEW SPENDING AUTHORITY, *NEW CREDIT AUTHORITY*, OR CHANGES IN REVENUES OR PUBLIC DEBT LIMIT IS CONSIDERED

SEC. 303. (a) IN GENERAL.—It shall not be in order in either the House of Representatives or the Senate to consider any bill or resolution (or amendment thereto) *as reported to the House or Senate* which provides—

(1) new budget authority for a fiscal year;

(2) an increase or decrease in revenues to become effective during a fiscal year;

(3) an increase or decrease in the public debt limit to become effective during a fiscal year; **[**or

[(4) new spending authority described in section 401(c)(2)(C) to become effective during a fiscal year;**]**

(4) new entitlement authority to become effective during a fiscal year; or

(5) new credit authority for a fiscal year,

Until the **[**first**]** concurrent resolution on the budget for such year has been agreed to pursuant to section 301.

(b) EXCEPTIONS.—Subsection (a) does not apply to any bill or resolution—

(1) providing new budget authority which first becomes available in a fiscal year following the fiscal year to which the concurrent resolution applies; or

(2) increasing or decreasing revenues which first become effective in a fiscal year following the fiscal year to which the concurrent resolution applies.

After May 15 of any calendar year, subsection (a) does not apply in the House of Representatives to any general appropriation bill, or amendment thereto, which provides new budget authority for the fiscal year beginning in such calendar year.

(c) WAIVER IN THE SENATE.—

(1) The committee of the Senate which reports any bill or resolution *(or amendment thereto)* to which subsection (a) applies may at or after the time it reports such bill or resolution *(or amendment)*, report a resolution to the Senate (A) providing for the waiver of subsection (a) with respect to such bill or resolution *(or amendment)*, and (B) stating the reasons why the waiver is necessary. The resolution shall then be referred to the Committee on the Budget of the Senate. That committee shall report the resolution to the Senate within 10 days after the resolution is referred to it (not counting any day on which the Senate is not in session) beginning with the day following the day on which it is so referred, accompanied by that committee's recommendations and reasons for such recommendations with respect to the resolution. If the committee does not report the resolution within such 10-day period, it shall auto-

matically be discharged from further consideration of the resolution and the resolution shall be placed on the calendar.

(2) During the consideration of any such resolution, debate shall be limited to one hour, to be equally divided between, and controlled by, the majority leader and minority leader or their designees, and the time on any debatable motion or appeal shall be limited to twenty minutes, to be equally divided between, and controlled [by] *by*, the mover and the manager of the resolution. In the event the manager of the resolution is in favor of any such motion or appeal, the time in opposition thereto shall be controlled by the minority leader or his designee. Such leaders, or either of them, may, from the time under their control on the passage of such resolution, allot additional time to any Senator during the consideration of any debatable motion or appeal. No amendment to the resolution is in order.

(3) If, after the Committee on the Budget has reported (or been discharged from further consideration of) the resolution, the Senate agrees to the resolution, then subsection (a) [of this section] shall not apply with respect to the bill or resolution *(or amendment thereto)* to which the resolution so agreed to applies.

PERMISSIBLE REVISIONS OF CONCURRENT RESOLUTIONS [OF] ON THE BUDGET

SEC. 304. *(a) IN GENERAL.*—At any time after the first concurrent resolution on the budget for a fiscal year has been agreed to pursuant to section 301, and before the end of such fiscal year, the two Houses may adopt a concurrent resolution on the budget which revises *or reaffirms* the concurrent resolution on the budget for such fiscal year most recently agreed to.

(b) MAXIMUM DEFICIT AMOUNT MAY NOT BE EXCEEDED.—The provisions of section 301(i) shall apply with respect to concurrent resolutions on the budget under this section (and amendments thereto and conference reports thereon) in the same way they apply to concurrent resolutions on the budget under such section 301(i) (and amendments thereto and conference reports thereon).

PROVISIONS RELATING TO THE CONSIDERATION OF CONCURRENT RESOLUTIONS ON THE BUDGET

SEC. 305. (a) PROCEDURE IN HOUSE OF REPRESENTATIVES AFTER REPORT OF COMMITTEE; DEBATE.—

(1) When the Committee on the Budget of the House *of Representatives* has reported any concurrent resolution on the budget, it is in order at any time after the [tenth] *fifth* day (excluding Saturdays, Sundays, and legal holidays) following the day on which the report upon such resolution *by the Committee on the Budget* has been available to Members of the House *and, if applicable, after the first day (excluding Saturdays, Sundays, and legal holidays) following the day on which a report upon such resolution by the Committee on Rules pursuant to section 301(c) has been available to Members of the House* (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of

the concurrent resolution. The motion is highly privileged and is not debatable. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(2) General debate on any concurrent resolution on the budget in the House of Representatives shall be limited to not more than 10 hours, which shall be divided equally between the majority and minority [parties,] *parties, plus such additional hours of debate as are consumed pursuant to paragraph (3).* A motion further to limit debate is not debatable. A motion to recommit the concurrent resolution is not in order, and it is not in order to move to reconsider the vote by which the concurrent is agreed to or disagreed to.

(3) Following the presentation of opening statements on the [first] concurrent resolution on the budget for a fiscal year by the chairman and ranking minority member of the Committee on the Budget of the House, there shall be a period of up to four hours for debate on economic goals and policies.

(4) Only if a concurrent resolution on the budget reported by the Committee on the Budget of the House sets forth the economic goals (as described in sections 3(a)(2) and 4(b) of the Full Employment Act of 1946) which the estimates, amounts, and levels (as described in section 301(a)) set forth in such resolution are designed to achieve, shall it be in order to offer to such resolution an amendment relating to such goals, and such amendment shall be in order only if it also proposes to alter such estimates, amounts, and levels in germane fashion in order to be consistent with the goals proposed in such amendment.

(5) Consideration of any concurrent resolution on the budget by the House of Representatives shall be in the Committee of the Whole, and the resolution shall be [read] *considered* for amendment under the five-minute rule in accordance with the applicable provisions of rule XXIII of the Rules of the House of Representatives. After the Committee rises and reports the resolution back to the House, the previous question shall be considered as ordered on the resolution and any amendments thereto to final passage without intervening motion; except that it shall be in order at any time prior to final passage (notwithstanding any other rule or provision of law) to adopt an amendment (or a series of amendments) changing any figure or figures in the resolution as so reported to the extent necessary to achieve mathematical consistency.

(6) Debate in the House of Representatives on the conference report [or] *on* any concurrent resolution on the budget shall be limited to not more than 5 hours, which shall be divided equally between the majority and minority parties. A motion further to limit debate is not debatable. A motion to recommit the conference report is not in order, and it is not in order to move to reconsider the vote by which the conference report is agreed to or disagreed to.

[(7) Motions to postpone, made with respect to the consideration of any concurrent resolution on the budget, and motions

to proceed to the consideration of other business, shall be decided without debate.]

[(8)] *(7)* Appeals from the decisions of the Chair relating to the application of the Rules of the House of Representatives to the procedure relating to any concurrent resolution on the budget shall be decided without debate.

(b) PROCEDURE IN SENATE AFTER REPORT OF COMMITTEE; DEBATE; AMENDMENTS.—

(1) Debate in the Senate on any concurrent resolution on the budget, and all amendments thereto and debatable motions and appeals in connection therewith, shall be limited to not more than 50 hours, except that, with respect to [the second required] *any* concurrent resolution referred to in section [310(a),] *304(a)*, all such debate shall be limited to not more than 15 hours. The time shall be equally divided between, and controlled by, the majority leader and the minority leader or their designees.

(2) Debate in the Senate on any amendment to a concurrent resolution on the budget shall be limited to 2 hours, to be equally divided between, and controlled by, the mover and the manager of the concurrent resolution, and debate on any amendment to an amendment, debatable motion, or appeal shall be limited to 1 hour, to be equally divided between, and controlled by, the mover and the manager of the concurrent resolution, except that in the event the manager of the concurrent resolution is in favor of any such amendment, motion, or appeal, the time in opposition thereto shall be controlled by the minority leader or his designee. No amendment that is not germane to the provisions of such concurrent resolution shall be received. Such leaders, or either of them, may, from the time under their control on the passage of the concurrent resolution, allot additional time to any Senator during the consideration of any amendment, debatable motion, or appeal.

(3) Following the presentation of opening statements on the [first] concurrent resolution on the budget for a fiscal year by the chairman and ranking minority member of the Committee on the Budget of the Senate, there shall be a period of up to four hours for debate on economic *goals and* policies.

(4) [Only] *subject to the other limitations of this Act, only* if a concurrent resolution on the budget reported by the Committee on the Budget of the Senate sets forth the economic goals (as described in sections 3(a)(2) and 4(b) of the Employment Act of 1946), which the estimates, amounts, and [level] *levels* (as described in section 301(a)) set forth in such resolution are designed to achieve, shall it be in order to offer to such resolution an amendment relating to such goals, and such amendment shall be in order only if it also proposes to alter such estimates, amounts, and levels in germane fashion in order to be consistent with the goals proposed in such amendment.

(5) A motion to further limit debate is not debatable. A motion to recommit (except a motion to recommit with instructions to report back within a specified number of days, not to exceed 3, not counting any day on which the Senate is not in session) is not in order. Debate on any such motion to recom-

mit shall be limited to 1 hour, to be equally divided between, and controlled by, the mover and the manager of the concurrent resolution.

(6) Notwithstanding any other rule, an [amendment] *amendment* or series of [amendments,] *amendments* to a concurrent resolution on the budget proposed in the Senate shall always be in order if such amendment or series of amendments proposes to change any figure or figures then contained in such concurrent resolution so as to make such concurrent resolution mathematically consistent or so as to maintain such consistency.

(c) ACTION ON CONFERENCE REPORTS IN THE SENATE.—

(1) The conference report on any concurrent resolution on the budget shall be in order in the Senate at any time after the third day (excluding Saturdays, Sundays, and legal holidays) following the day on which such a conference report is reported and is available to Members of the Senate. A motion to proceed to the consideration of the conference report may be made even though a previous motion to the same effect has been disagreed to.

(2) During the consideration in the Senate of the conference report on any concurrent resolution on the budget, debate shall be limited to 10 hours, to be equally divided between, and controlled [by] *by*, the majority leader and minority leader or their designees. Debate on any debatabie motion or appeal related to the conference report shall be limited to 1 hour, to be equally divided between, and controlled by, the mover and the manager of the conference report.

(3) Should the conference report be defeated, debate on any request for a new conference and the appointment of conferees shall be limited to 1 hour, to be equally divided between, and controlled by, the manager of the conference report and the minority leader or his designee, and should any motion be made to instruct the conferees before the conferees are named, debate on such motion shall be limited to one-half hour, to be equally divided between, and controlled by, the mover and the manager of the conference report. Debate on any amendment to any such instructions shall be limited to 20 minutes, to be equally divided between and controlled by the mover and the manager of the conference report. In all cases when the manager of the conference report is in favor of any motion, appeal, or amendment, the time in opposition shall be under the control of the minority leader or his designee.

(4) In any case in which there are amendments in disagreement, time on each amendment shall be limited to 30 minutes, to be equally divided between, and controlled by, the manager of the conference report and the minority leader or his designee. No amendment that is not germane to the provisions of such amendments shall be received.

(d) REQUIRED ACTION BY CONFERENCE COMMITTEE.—[If,] *If* at the end of 7 days (excluding Saturdays, Sundays, and legal holidays) after the conference of both Houses have been appointed to a committee of conference on a concurrent resolution on the budget, the conferees are unable to reach agreement with respect to all mat-

ters in disagreement between the two Houses, then the conferees shall submit to their respective Houses, on the first day thereafter on which their House is in session—

(1) a conference report recommending those matters on which they have agreed and reporting in disagreement those matters on which they have not agreed; or

(2) a conference report in disagreement, if the matter in disagreement is an amendment which strikes out the entire text of the concurrent resolution and inserts a substitute text.

(e) CONCURRENT RESOLUTION MUST BE CONSISTENT IN THE SENATE.—It shall not be in order in the Senate to vote on the question of agreeing to—

(1) a concurrent resolution on the budget unless the figures then contained in such resolution are mathematically consistent; or

(2) a conference report on a concurrent resolution on the budget unless the figures contained in such resolution, as recommended in such conference report, are mathematically consistent.

LEGISLATION DEALING WITH CONGRESSIONAL BUDGET MUST BE HANDLED BY BUDGET COMMITTEE

SEC. 306. No bill or resolution, and no amendment to any bill or resolution, dealing with any matter which is within the jurisdiction of the Committee on the Budget of either House shall be considered in that House unless it is a bill or resolution which has been reported by the Committee on the Budget of that House (or from the consideration of which such committee has been discharged) or unless it is an amendment to such a bill or resolution.

[HOUSE COMMITTEE ACTION ON ALL APPROPRIATION BILLS TO BE COMPLETED BEFORE FIRST APPROPRIATION BILL IS REPORTED

[SEC. 307. Prior to reporting the first regular appropriation bill for each fiscal year, the Committee on Appropriations of the House of Representatives shall, to the extent practicable, complete subcommittee markup and full committee action on all regular appropriation bills for that year and submit to the House a summary report comparing the committee's recommendations with the appropriate levels of budget outlays and new budget authority as set forth in the most recently agreed to concurrent resolution on the budget for that year.]

HOUSE COMMITTEE ACTION ON ALL APPROPRIATION BILLS TO BE COMPLETED BY JUNE 10

SEC. 307. On or before June 10 of each year, the Committee on Appropriations of the House of Representatives shall report annual appropriation bills providing new budget authority under the jurisdiction of all of its subcommittees for the fiscal year which begins on October 1 of that year.

BEST COPY AVAILABLE

[REPORTS, SUMMARIES, AND PROJECTIONS OF CONGRESSIONAL BUDGET ACTIONS

[SEC. 308. (a) REPORTS ON LEGISLATION PROVIDING NEW BUDGET AUTHORITY OR TAX EXPENDITURES.—Whenever a committee of either House reports a bill or resolution to its House providing new budget authority (other than continuing appropriations) or new or increased tax expenditures for a fiscal year, the report accompanying that bill or resolution shall contain a statement, prepared after consultation with the Director of the Congressional Budget Office, detailing—

[(1) In the case of a bill or resolution providing new budget authority—

[(A) how the new budget authority provided in that bill or resolution compares with the new budget authority set forth in the most recently agreed to concurrent resolution on the budget for such fiscal year and the reports submitted under section 302;

[(B) a projection for the period of 5 fiscal years beginning with such fiscal year of budget outlays, associated with the budget authority provided in that bill or resolution, in each fisal year in such period; and

[(C) the new budget authority, and budget outlays resulting therefrom, provided by that bill or resolution for financial assistance to State and Local governments; and

[(2) in the case of a bill or resolution providing new or increased tax expenditures—

[(A) how the new or increased tax expenditures provided in that bill or resolution will affect the levels of tax expenditures under existing law as set forth in the report accompanying the first concurrent resolution on the budget for such fiscal year, or, if a report accompanying a subsequently agreed to concurrent resolution for such year sets forth such levels, then as set forth in that report; and

[(B) a projection for the period of 5 fiscal years beginning with such fiscal year of the tax expenditures which will result from that bill or resolution in each fiscal year in such periods.]

REPORTS, SUMMARIES, AND PROJECTIONS OF CONGRESSIONAL BUDGET ACTIONS

SEC. 308. (a) REPORTS ON LEGISLATION PROVIDING NEW BUDGET AUTHORITY, NEW SPENDING AUTHORITY, OR NEW CREDIT AUTHORITY, OR PROVIDING AN INCREASE OR DECREASE IN REVENUES OR TAX EXPENDITURES.—

(1) whenever a committee of either House reports to its House a bill or resolution, or committee amendment thereto, providing new budget authority (other than continuing appropriations), new spending authority described in section 401(c)(2), or new credit authority, or providing an increase or decrease in revenues or tax expenditures for a fiscal year, the report accompanying that bill or resolution shall contain a statement, or the committee shall make available such a statement in the case of an approved committee amendment which is not reported to its

House, prepared after consultation with the Director of the Congressional Budget Office—

(A) comparing the levels in such measure to the appropriate allocations in the reports submitted under section 302(b) for the most recently agreed to concurrent resolution on the budget for such fiscal year;

(B) including an identification of any new spending authority described in section 401(c)(2) which is contained in such measures and a justification for the use of such financing method instead of annual appropriations;

(C) containing a projection by the Congressional Budget Office of how such measure will affect the levels of such budget authority, budget outlays, spending authority, revenues, tax expenditures, direct loan obligations, or primary loan guarantee commitments under existing law for such fiscal year and each of the four ensuring fiscal years, if timely submitted before such report is filed; and

(D) containing an estimate by the Congressional Budget Office of the level of new budget authority for assistance to State and local governments provided by such measure, if timely submitted before such report is filed.

(2) Whenever a conference report is filed in either House and such conference report or any amendment reported in disagreement or any amendment contained in the joint statement of managers to be proposed by the conferees in the case of technical disagreement on such bill or resolution provides new budget authority (other than continuing appropriations), new spending authority described in section 401(c)(2), or new credit authority, or provides an increase or decrease in revenues for a fiscal year, the statement of managers accompanying such conference report shall contain the information described in paragraph (1), if available on a timely basis. If such information is not available when the conference report is filed, the committee shall make such information available to Members as soon as practicable prior to the consideration of such conference report.

(b) UP-TO-DATE TABULATIONS OF CONGRESSIONAL BUDGET ACTION.—

(1) The Director of the Congressional Budget Office shall issue to the committees of the House of Representatives and the Senate reports on at least a monthly basis detailing and tabulating the progress of congressional action on bills and resolutions providing new budget authority, new spending authority described in section 401(c)(2), or new credit authority, or providing an increase or decrease in revenues or tax expenditures for a fiscal year. Such reports shall include but are not limited to an up-to-date tabulation comparing the appropriate aggregate and functional levels (including outlays) included in the most recently adopted concurrent resolution on the budget with the levels provided in bills and resolutions reported by committees or adopted by either House or by the Congress, and with the levels provided by law for the fiscal year preceding such fiscal year.

(2) The Committee on the Budget of each House shall make available to Members of its House summary budget scorekeeping reports. Such reports—

(A) shall be made available on at least a monthly basis, but in any case frequently enough to provide Members of each House an accurate representation of the current status of congressional consideration of the budget;

(B) shall include, but are not limited to, summaries of tabulations provided under subsection (b)(1); and

(C) shall be based on information provided under subsection (b)(1) without substantive revision.

The chairman of the Committee on the Budget of the House of Representatives shall submit such reports to the Speaker.

(c) FIVE-YEAR PROJECTION OF CONGRESSIONAL BUDGET ACTION.—As soon as practicable after the beginning of each fiscal year, the Director of the Congressional Budget Office shall issue a report projecting for the period of 5 fiscal years beginning with such fiscal year—

(1) total new budget authority and total budget outlays for each fiscal year in such period;

(2) revenues to be received and the major sources thereof, and the surplus or deficit, if any, for each fiscal year in such period;

(3) tax expenditures for each fiscal year in such period;

(4) entitlement authority for each fiscal year in such period; and

(5) credit authority for each fiscal year in such period.

[COMPLETION OF ACTION ON BILLS PROVIDING NEW BUDGET AUTHORITY AND CERTAIN NEW SPENDING AUTHORITY

[SEC. 309. Except as otherwise provided pursuant to this title, not later than the seventh day after Labor Day of each year, the Congress shall complete action on all bills and resolutions—

[(1) providing new budget authority for the fiscal year beginning on October 1 of such year, other than supplemental, deficiency, and continuing appropriation bills and resolutions, and other than the reconciliation bill for such year, if required to be reported under section 310(c); and

[(2) providing new spending authority described in section 401(c)(2)(C) which is to become effective during such fiscal year.

[Paragraph (1) shall not apply to any bill or resolution if legislation authorizing the enactment of new budget authority to be provided in such bill or resolution has not been timely enacted.]

HOUSE APPROVAL OF REGULAR APPROPRIATION BILLS

SEC. 309. It shall not be in order in the House of Representatives to consider any resolution providing for an adjournment period of more than three calendar days during the month of July until the House of Representatives has approved annual appropriation bills providing new budget authority under the jurisdiction of all the subcommittees of the Committee on Appropriations for the fiscal year beginning on October 1 of such year. For purposes of this section, the chairman of the Committee on Appropriations of the House

of Representatives shall periodically advise the Speaker as to changes in jurisdiction among its various subcommittees.

[SECOND REQUIRED CONCURRENT RESOLUTION AND RECONCILIATION PROCESS

[SEC. 310. (a) REPORTING OF CONCURRENT RESOLUTION.—The Committee on the Budget of each House shall report to its House a concurrent resolution on the budget which reaffirms or revises the concurrent resolution on the budget most recently agreed to with respect to the fiscal year beginning on October 1 of such year. Any such concurrent resolution on the budget shall also, to the extent necessary—]

RECONCILIATION

SEC. 310. (a) INCLUSION OF RECONCILIATION DIRECTIVES IN CONCURRENT RESOLUTIONS ON THE BUDGET.—A concurrent resolution on the budget for any fiscal year, to the extent necessary to effectuate the provisions and requirements of such resolution, shall—

(1) specify the total amount by which—

(A) new budget authority for such fiscal year;

(B) budget authority initially provided for prior fiscal years; and

(C) new [spending] *entitlement* authority [described in section 401(c)(2)(C)] which is to become effective during such fiscal [year,] *year; and*

[contained in laws, bills, and resolutions within the jurisdiction of a committee, is to be changed and direct that committee to determine and recommend changes to accomplish a change of such total amount;]

(D) credit authority for such fiscal year, contained in laws, bills, and resolutions within the jurisdiction of a committee, is to be changed and direct that committee to determine and recommend changes to accomplish a change of such total amount;

(2) specify the total amount by which revenues are to be changed and direct that the committees having jurisdiction to determine and recommend changes in the revenue laws, bills, and resolutions to accomplish a change of such total amount;

(3) specify the [amount] *amounts* by which the statutory limit on the public debt is to be changed and direct the [committees] *committee* having jurisdiction to recommend such change; or

(4) specify and direct any combination of the matters described in paragraphs (1), (2), and (3).

[Any such concurrent resolution may be reported, and the report accompanying it may be filed, in either House notwithstanding that that House is not in session on the day on which such concurrent resolution is reported.

[(b) COMPLETION OF ACTION ON CONCURRENT RESOLUTION.—Not later than September 15 of each year, the Congress shall complete action on the concurrent resolution on the budget referred to in subsection (a).

[(c) RECONCILIATION PROCESS.—If a concurrent resolution is agreed to in accordance with subsection (a) containing directions to one or more committees to determine and recommend changes in laws, bills, or resolutions, and—

[(1) only one committee of the House or the Senate is directed to determine and recommend changes, that committee shall promptly make such determination and recommendations and report to its House a reconciliation bill or reconciliation resolution, or both, containing such recommendations; or

[(2) more than one committee of the House or the Senate is directed to determine and recommend changes, each such committee so directed shall promptly make such determination and recommendations, whether such changes are to be contained in a reconciliation bill or reconciliation resolution, and submit such recommendations to the Committee on the Budget of its House, which upon receiving all such recommendations, shall report to its House a reconciliation bill or reconciliation resolution, or both, carrying out all such recommendations without any substantive revision.

For purposes of this subsection, a reconciliation resolution is a concurrent resolution directing the Clerk of the House of Representatives or the Secretary of the Senate, as the case may be, to make specified changes in bills and resolutions which have not been enrolled.

[(d) COMPLETION OF RECONCILIATION PROCESS.—Congress shall complete action on any reconciliation bill or reconciliation resolution reported under subsection (c) not later than September 25 of each year.]

(b) LEGISLATIVE PROCEDURE.—If a concurrent resolution containing directives to one or more committees to determine and recommend changes in laws, bills, or resolutions is agreed to in accordance with subsection (a), and—

(1) only one committee of the House or the Senate is directed to determine and recommend changes, that committee shall promptly make such determination and recommendations and report to its House reconciliation legislation containing such recommendations; or

(2) more than one committee of the House or the Senate is directed to determine and recommend changes, each such committee so directed shall promptly make such determination and recommendations and submit such recommendations to the Committee on the Budget of its House, which, upon receiving all such recommendations, shall report to its House reconciliation legislations, shall report to its House reconciliation legislation carrying out all such recommendations without any substantive revision.

For purposes of this subsection, a reconciliation resolution is a concurrent resolution directing the Clerk of the House of Representatives or the Secretary of the Senate, as the case may be, to make specified changes in bills and resolutions which have not been enrolled.

(c) COMPLIANCE WITH RECONCILIATION DIRECTIONS.—Any committee of the House of Representatives or the Senate that is directed, pursuant to a concurrent resolution on the budget, to determine and

recommend changes of the type described in paragraphs (1) and (2) of subsection (a) with respect to laws within its jurisdiction, shall be deemed to have complied with such directions—

(1) if—

(A) the amount of the changes of the type described in paragraph (1) of such subsection recommended by such committee do not exceed or fall below the amount of the changes such committee was directed by such concurrent resolution to recommend under such paragraph by more than 20 percent of the total of the amounts of the changes such committee was directed to make paragraphs (1) and (2) of such subsection, and

(B) the amount of the changes of the type described in paragraph (2) of such subsection recommended by such committee do not exceed or fall below the amount of the changes such committee was directed by such concurrent resolution to recommend under that paragraph by more than 20 percent of the total of the amounts of the changes such committee was directed to make under paragraphs (1) and (2) of such subsection; and

(2) if the total amount of the changes recommended by such committee is not less than the total of the amounts of the changes such committee was directed to make under paragraphs (1) and (2) of such subsection.

(d) LIMITATION ON AMENDMENTS TO RECONCILIATION BILLS AND RESOLUTIONS.—

(1) It shall not be in order in the House of Representatives to consider any amendment to a reconciliation bill or reconciliation resolution if such amendment would have the effect of increasing any specific budget outlays above the level of such outlays provided in the bill or resolution (for the fiscal years covered by the reconciliation instructions set forth in the most recently agreed to concurrent resolution on the budget), or would have the effect of reducing any specific Federal revenues below the level of such revenues provided in the bill or resolution (for such fiscal years), unless such amendment makes at least an equivalent reduction in other specific budget outlays, an equivalent increase in other specific Federal revenues, or an equivalent combination thereof (for such fiscal years), except that a motion to strike a provision providing new budget authority or new entitlement authority may be in order.

(2) It shall not be in order in the Senate to consider any amendment to a reconciliation bill or reconciliation resolution if such amendment would have the effect of decreasing any specific budget outlay reductions below the level of such outlay reductions provided (for the fiscal years covered) in the reconciliation instructions which relate to such bill or resolution set forth in a resolution providing for reconciliation, or would have the effect of reducing Federal revenue increases below the level of such revenue increases provided (for such fiscal years) in such instructions relating to such bill or resolution, unless such amendment makes a reduction in other specific budget outlays, an increase in other specific Federal revenues, or a combination thereof (for such fiscal years) at least equivalent to any increase

in outlays or decrease in revenues provided by such amendment, except that a motion to strike a provision shall always be in order.

(3) Paragraphs (1) and (2) shall not apply if a declaration of war by the Congress is in effect.

(4) For the purposes of this section, the levels of budget outlays and Federal revenues for a fiscal year shall be determined on the basis of estimates made by the Committee on the Budget of the House of Representatives or of the Senate, as the case may be.

(5) The Committee on Rules of the House of Representatives may make in order amendments to achieve changes specific by reconciliation directives contained in a concurrent resolution on the budget if a committee or committees of the House fail to submit recommended changes to its Committee on the Budget pursuant to its instruction.

(e) PROCEDURE IN THE SENATE.—

(1) Except as provided in paragraph (2), the provisions of section 305 for the consideration in the Senate of concurrent resolutions on the budget and conference reports thereon shall also apply to the consideration in the Senate of reconciliation bills [and reconciliation resolutions] reported under subsection [(c)] *(b)* and conference reports thereon.

(2) Debate in the Senate on any reconciliation bill [or resolution] reported under subsection [(c)] *(b)* and all amendments thereto and debatable motions and appeals in connection therewith, shall be limited to not more than 20 hours.

[(f) CONGRESS MAY NOT ADJOURN UNTIL ACTION IS COMPLETED.—It shall not be in order in either the House of Representatives or the Senate to consider any resolution providing for the adjournment sine die of either House unless action has been completed on the concurrent resolution on the budget required to be reported under subsection (a) for the fiscal year beginning on October 1 of such year, and, if a reconciliation bill or resolution, or both, is required to be reported under subsection (c) for such fiscal year, unless the Congress has completed action on that bill or resolution, or both.]

(f) COMPLETION OF RECONCILIATION PROCESS.—

(1) IN GENERAL.—Congress shall complete action on any reconciliation bill or reconciliation resolution reported under subsection (b) not later than June 15 of each year.

(2) POINT OF ORDER IN THE HOUSE OF REPRESENTATIVES.—It shall not be in order in the House of Representatives to consider any resolution providing for an adjournment period of more than three calendar days during the month of July until the House of Representatives has completed action on the reconciliation legislation for the fiscal year beginning on October 1 of the calendar year to which the adjournment resolution pertains, if reconciliation legislation is required to be reported by the concurrent resolution on the budget for such fiscal year.

[(g) LIMITATION ON CHANGES TO THE SOCIAL SECURITY ACT.—Notwithstanding any other provision of law, it shall not be in order in the Senate or the House of Representatives to consider any reconciliation bill or reconciliation resolution reported pursuant to a concur-

rent resolution on the budget agreed to under section 301 or 304, or a resolution pursuant to section 254(b) of the Balanced Budget and Emergency Deficit Control Act of 1985, or any amendment thereto or conference report thereon, that contains recommendations with respect to the old-age, survivors, and disability insurance program established under title II of the Social Security Act.

NEW BUDGET AUTHORITY, NEW SPENDING AUTHORITY AND REVENUE LEGISLATION MUST BE WITHIN APPROPRIATE LEVELS

SEC. 311. (a) LEGISLATION SUBJECT TO POINT OF ORDER.—[After] *Except as provided by subsection (b), after* the Congress has completed action on the concurrent resolution on the budget [required to be reported under section 310(a)] for a fiscal year, [and, if a reconciliation bill or resolution, or both, for such fiscal year are required to be reported under section 310(c), after that bill has been enacted into law or that resolution has been agreed to,] it shall not be in order in either House of Representatives or the Senate to consider any bill, resolution, or amendment providing [additional] new budget authority for such fiscal year, providing new [spending] *entitlement* authority [described in section 401(c)(2)(C) to become effective during such fiscal year, or reducing revenues for such fiscal year, or any conference report on any such bill or resolution, if—

(1) the enactment of such bill or resolution as reported;

(2) the adoption and enactment of such amendment; or

(3) the enactment of such bill or resolution in the form recommended in such conference report;

would cause the appropriate level of total new budget authority or total budget outlays set forth in the most recently agreed to concurrent resolution on the budget for such fiscal year to be exceeded, or would cause revenues to be less than the appropriate level of *total* revenues set forth in each concurrent resolution *or, in the Senate, would otherwise result in a deficit for such fiscal year that exceeds the maximum deficit amount specified for such fiscal year in section 3(7) (except to the extent that paragraph (1) of section 301(i) or section 304(b), as the case may be, does not apply by reason of paragraph (2) of such subsection).*

[(b) DETERMINATION OF OUTLAYS AND REVENUES.—For purposes of subsection (a), the budget outlays to be made during a fiscal year and revenues to be received during a fiscal year shall be determined on the basis of estimates made by the Committee on the Budget of the House of Representatives or the Senate, as the case may be.]

(b) EXCEPTION IN THE HOUSE OF REPRESENTATIVES.—Subsection (a) shall not apply in the House of Representatives to any bill, resolution, or amendment which provides new budget authority or new entitlement authority effective during such fiscal year, or to any conference report on any such bill or resolution, if—

(1) the enactment of such bill or resolution as reported;

(2) the adoption and enactment of such amendment; or

(3) the enactment of such bill or resolution in the form recommended in such conference report;

would not cause the appropriate allocation of new discretionary budget authority or new entitlement authority made pursuant to section 302(a) for such fiscal year, for the committee within whose jurisdiction such bill, resolution, or amendment falls, to be exceeded.

(c) DETERMINATION OF BUDGET LEVELS.—For purposes of this section, the levels of new budget authority, budget outlays, new entitlement authority, and revenues for a fiscal year shall be determined on the basis of estimates made by the Committee on the Budget of the House of Representatives or of the Senate, as the case may be.

TITLE IV—ADDITIONAL PROVISIONS TO IMPROVE FISCAL PROCEDURES

BILLS PROVIDING NEW SPENDING AUTHORITY

SEC. 401. (a) *CONTROLS ON* LEGISLATION PROVIDING [CONTRACT OR BORROWING] *SPENDING* AUTHORITY.—It shall not be in order in either the House of Representatives or the Senate to consider any bill or [resolution] *resolution, or conference report, as reported to its House* which provides new spending authority described in subsection (c)(2) (A) or (B) (or any amendment which provides such new spending [authority] *authority),* unless that bill, resolution, *Conference report,* or amendment also provides that such new spending authority *as described in subsection (c)(2) (A) or (B)* is to be effective for any fiscal year only to such extent or in such amounts as are provided in appropriation Acts.

(b) LEGISLATION PROVIDING ENTITLEMENT AUTHORITY.—

(1) It shall not be in order in either the House of Representatives or the Senate to consider any bill or resolution which provides new spending authority described in subsection (c)(2)(C) (or any amendment which provides such new spending authority) which is to become effective before the first day of the fiscal year which begins during the calendar year in which such bill or resolution is reported.

(2) If any committee of the House of Representatives or the Senate reports any bill or resolution which provides new spending authority described in subsection (c)(2)(C) which is to become effective during a fiscal year and the amount of new budget authority which will be required for such fiscal year if such bill or resolution is enacted as so reported exceeds the appropriate allocation of new budget authority reported under section 302(b) in connection with the most recently agreed to concurrent resolution on the budget for such fiscal year, such bill or resolution shall then be referred to the Committee on Appropriations of the House with instructions to report it with the committee's [recommendations] *recommendations,* within 15 calendar days (not counting any day on which that House is not in session) beginning with the day following the day on which it is so referred. If the Committee on Appropriations of either House fails to report a bill or resolution referred to it under this paragraph within such 15-day period, the committee shall automatically be discharged from further consideration of

such bill or resolution and such bill or resolution shall be placed on the appropriate calendar.

(3) The Committee on Appropriations of each House shall have jurisdiction to report any bill or resolution referred to it under paragraph (2) with an amendment which limits the total amount of new spending authority provided in such bill or resolution.

(c) DEFINITIONS.—

(1) For purposes of this section, the term "new spending authority" means spending authority not provided by law on the effective date of this [section,] *Act,* including any increase in or addition to spending authority provided by law on such date.

(2) For purposes of paragraph (1), the term "spending authority" means authority (whether temporary or permanent)—

(A) to enter into contracts under which the United States is obligated to make outlays, the budget authority for which is not provided in advance by appropriation Acts;

(B) to incur indebtedness (other than indebtedness incurred under [the Second Liberty Bond Act] *chapter 31 of title 31 of the United States Code* for the repayment of which the United States is liable, the budget authority for which is not provided in advance by appropriation Acts; [and]

(C) to make payments (including loans and grants), the budget authority for which is not provided for in advance by appropriation Acts, to any person or government if, under the provisions of the law containing such authority, the United States is obligated to make such payments to persons or governments who meet the requirements established by such [law.] *law;*

(D) to forego the collection by the United States of proprietary offsetting receipts, the budget authority for which is not provided in advance by appropriation Acts to offset such foregone receipts; and

(E) to make payments by the United States (including loans, grants, and payments from revolving funds) other than those covered by subparagraph (A), (B), (C), or (D), the budget authority for which is not provided in advance by appropriation Acts.

Such term does not include authority to insure or guarantee the repayment of indebtedness incurred by another person or government.

(d) EXCEPTIONS.—

(1) Subsections (a) and (b) shall not apply to new spending authority if the budget authority for outlays which will result from such new spending authority is derived—

(A) from a trust fund established by the Social Security Act (as in effect on the date of the enactment of this Act); or

(B) from any other trust fund, 90 percent or more of the receipts of which consist or will consist of amounts (transferred from the general fund of the Treasury) equivalent

to amounts of taxes (related to the purposes for which such outlays are or will be made) received in the Treasury under specified provisions of the Internal Revenue Code of 1954.

(2) Subsections (a) and (b) shall not apply to new spending authority which is an amendment to or extension of the State and Local Fiscal Assistance Act of 1972, or a continuation of the program of fiscal assistance to State and local governments provided by that Act, to the extent so provided in the bill or resolution providing such authority.

(3) Subsections (a) and (b) shall not apply to new spending authority to the extent that—

(A) the outlays resulting therefrom are made by an organization which is (i) a mixed-ownership Government corporation (as defined in section 201 of the Government Corporation Control Act), or (ii) a wholly owned Government corporation (as defined in section 101 of such Act) which is specifically exempted by law from compliance with any or all of the provisions of that [Act;] *Act, as of the date of enactment of the Balanced Budget and Emergency Deficit Control Act of 1985;* or

(B) the outlays resulting therefrom consist exclusively of the proceeds of gifts or bequests made to the United States for a specific purpose.

REPORTING OF AUTHORIZING LEGISLATION

[SEC. 402. (a) REQUIRED REPORTING DATE.—Except as otherwise provided in this section, it shall not be in order in either the House of Representatives or the Senate to consider any bill or resolution which, directly or indirectly, authorizes the enactment of new budget authority for a fiscal year, unless that bill or resolution is reported in the House or the Senate, as the case may be, on or before May 15 preceding the beginning of such fiscal year.

[(b) EMERGENCY WAIVER IN THE HOUSE.—If the Committee on Rules of the House of Representatives determines that emergency conditions require a waiver of subsection (a) with respect to any bill or resolution, such committee may report, and the House may consider and adopt, a resolution waiving the application of subsection (a) in the case of such bill or resolution.

[(c) WAIVER IN THE SENATE.—

[(1) The committee of the Senate which reports any bill or resolution may, at or after the time it reports such bill or resolution, report a resolution to the Senate (A) providing for the waiver of subsection (a) with respect to such bill or resolution, and (B) stating the reasons why the waiver is necessary. The resolution shall then be referred to the Committee on the Budget of the Senate. That committee shall report the resolution to the Senate, within 10 days after the resolution is referred to it (not counting any day on which the Senate is not in session) beginning with the day following the day on which it is so referred accompanied by that committee's recommendations and reasons for such recommendations with respect to the resolution. If the committee does not report the resolution

within such a 10-day period, it shall automatically be discharged from further consideration of the resolution and the resolution shall be placed on the calendar.

[(2) During the consideration of any such resolution, debate shall be limited to one hour, to be equally divided between, and controlled by, the majority leader and the minority leader or their designees, and the time on any debatable motion or appeal shall be limited to 20 minutes, to be equally divided between, and controlled by, the mover and the manager of the resolution. In the event the manager of the resolution is in favor of such motion or appeal, the time in opposition thereto shall be controlled by the minority leader or his designee. Such leaders, or either of them, may, from the time under their control on the passage of such resolution, allot additional time to any Senator during the consideration of any debatable motion or appeal. No amendment to the resolution is in order.

[(3) If, after the Committee on the Budget has reported (or been discharged from further consideration of) the resolution, the Senate agrees to the resolution, then subsection (a) of this section shall not apply with respect to that bill or resolution referred to in the resolution.

[(d) CERTAIN BILLS AND RESOLUTIONS RECEIVED FROM OTHER HOUSE.—Notwithstanding the provisions of subsection (a), if under that subsection it is in order in the House of Representatives to consider a bill or resolution of the House, then it shall be in order to consider a companion or similar bill or resolution of the Senate; and if under that subsection it is in order in the Senate to consider a bill or resolution of the Senate, then it shall be in order to consider a companion or similar bill of the House of Representatives.

[(e) EXCEPTIONS.—

[(1) Subsection (a) shall not apply with respect to new spending authority described in section 401(c)(2)(C).

[(2) Subsection (a) shall not apply with respect to new budget authority authorized in a bill or resolution for any provision of the Social Security Act of such bill or resolution also provides new spending authority described in section 401(c)(2)(C) which, under section 401(d)(1)(A), is excluded from the application of section 401(b).

[(f) STUDY OF EXISTING SPENDING AUTHORITY AND PERMANENT APPROPRIATIONS.—The Committees on Appropriations of the House of Representatives and the Senate shall study on a continuing basis those provisions of law, in effect on the effective date of this section, which provide spending authority or permanent budget authority. Each committee shall, from time to time, report to its House its recommendations for terminating or modifying such provisions.]

LEGISLATION PROVIDING NEW CREDIT AUTHORITY

SEC. 402. (a) CONTROLS ON LEGISLATION PROVIDING NEW CREDIT AUTHORITY.—It shall not be in order in either the House of Representatives or the Senate to consider any bill, resolution, or conference report, as reported to its House, or any amendment which provides new credit authority described in subsection (b)(1), unless that

bill, resolution, conference report, or amendment also provides that such new credit authority is to be effective for any fiscal year only to such extent or in such amounts as are provided in appropriation Acts.

(b) DEFINITION.—For purposes of this Act, the term "new credit authority" means credit authority (as defined in section 3(10) of this Act) not provided by law on the effective date of this section, including any increase in or addition to credit authority provided by law on such date.

ANALYSIS BY CONGRESSIONAL BUDGET OFFICE

SEC. 403. (a) The Director of the Congressional Budget Office shall, to the extent practicable, prepare for each bill or resolution of a public character reported by any committee of the House of Representatives or the Senate (except the Committee on Appropriations of each House), and submit to such committee—

(1) an estimate of the costs which would be incurred in carrying out such bill or resolution in the fiscal year in which it is to become effective and in each of the 4 fiscal years following such fiscal year, together with the basis for each such estimate;

(2) an estimate of the cost which would be incurred by State and local governments in carrying out or complying with any significant bill or resolution in the fiscal year in which it is to become effective and in each of the four fiscal years following such fiscal year, together with the basis for each such estimate; [and]

(3) a comparison of the estimates of costs described in paragraphs (1) and (2) with any available estimates of costs made by such committee or by any Federal agency[.] *; and*

(4) a description of each method for establishing a Federal financial commitment contained in such bill or resolution.

The estimates [and comparison], *comparison, and description* so submitted shall be included in the report accompanying such bill or resolution if timely submitted to such committee before such report is filed.

* * * * * * *

STUDY BY THE GENERAL ACCOUNTING OFFICE OF FORMS OF FEDERAL FINANCIAL COMMITMENT THAT ARE NOT REVIEWED ANNUALLY BY CONGRESS

SEC. 405. The General Accounting Office shall study those provisions of law which provide spending authority as described by section 401(c)(2) and which provide permanent appropriations, and report to the Congress its recommendations for the appropriate form of financing for activities or programs financed by such provisions not later than eighteen months after the effective date of this section. Such report shall be revised from time to time.

OFF-BUDGET AGENCIES, PROGRAMS, AND ACTIVITIES

SEC. 406. (a) Notwithstanding any other provision of law, budget authority, credit authority, and estimates of outlays and receipts for activities of the Federal budget which are off-budget immediately

prior to the date of enactment of this section, not including activities of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, shall be included in a budget submitted pursuant to section 1105 of title 31, United States Code, and in a concurrent resolution on the budget reported pursuant to section 301 or section 304 of this Act and shall be considered, for purposes of this Act, budget authority, outlays, and spending authority in accordance with definitions set forth in this Act.

(b) All receipts and disbursements of the Federal Financing Bank with respect to any obligations which are issued, sold, or guaranteed by a Federal agency shall be treated as a means of financing such agency for purposes of section 1105 of title 31, United States Code and for purposes of this Act.

MEMBER USER GROUP

SEC. 407. The Speaker of the House of Representatives, after consulting with the Minority Leader of the House, may appoint a Member User Group for the purpose of reviewing budgetary scorekeeping rules and practices of the House and advising the Speaker from time to time on the effect and impact of such rules and practices.

* * * * * * *

TITLE VI—AMENDMENTS TO BUDGET AND ACCOUNTING ACT, 1921

* * * * * * *

[STUDY OF OFF-BUDGET AGENCIES

[SEC. 606. The Committee on the Budget of the House of Representatives and the Senate shall study on a continuing basis those provisions of law which exempt agencies of the Federal Government, or any of their activities or outlays, from inclusion in the Budget of the United States Government transmitted by the President under section 201 of the Budget and Accounting Act, 1921. Each committee shall, from time to time, report to its House its recommendations for terminating or modifying such provisions.]

* * * * * * *

TITLE IX—MISCELLANEOUS PROVISIONS; EFFECTIVE DATES

* * * * * * *

EXERCISE OF RULEMAKING POWERS

SEC. 904. (a) The provisions of this title (except section 905) and of titles I, III, and IV and the provisions of sections 606, 701, 703, and 1017 are enacted by the Congress—

(1) as an exercise of the rulemaking power of the House of Representatives and the Senate, respectively, and as such they shall be considered as part of the rules of each House, respectively, or of that House to which they specifically apply, and

such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

(2) with full recognition of the constitutional right of either House to change such rules (so far as relating to such House) at any time, in the same manner, and to the same extent as in the case of any other rule of such House.

(b) Any provision of title III or IV may be waived or suspended in the Senate by a majority vote of the Members voting, a quorum being present, or by the unanimous consent of the Senate.

(c) Sections 305(b)(2) and 306 of this Act may be waived or suspended in the Senate only by the affirmative vote of three-fifths of the Members, duly chosen and sworn.

[c**]** *(d)* Appeals in the Senate from the decisions of the Chair relating to any provision of title III or IV or section 1017 shall, except as otherwise provided therein, be limited to 1 hour, to be equally divided between, and controlled by, the mover and the manager of the resolution, concurrent resolution, reconciliation bill, or rescission bill, as the case may be.

* * * * * * *

○

60-607 (248)